Egypt	E£2.25	Lebanon	£1250.00	Sri Lanka	Rup60		
Finland	Fmk7.00	Lux	LFr48	Sweden	SKr8.00		
France	FFr7.00	Malaysia	Rin4.25	Switz	SFr2.20		
Germany	DM2.20	Mexico	Peso3500	Taiwan	NT$65		
Greece	Dr120	Morocco	Dh6.50	Thailand	Bt50		
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.800		
Iceland	Kr125	Nigeria	Naira6	Turkey	L800		
India	Rup15	Norway	NKr9.00	UAE	Dh6.50		
Indonesia	Rp3700	Oman	Or1	USA	$1.00		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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PIPER ALPHA
UK's offshore oil industry on trial
Page 10

World News

Gorbachev spells out planned defence cuts

MIKHAIL GORBACHEV, Soviet leader, revealed details of his planned defence cuts for the first time, and called on the West to show more flexibility in responding to Soviet initiatives. He said spending on armaments will be cut by a fifth although no global figure for such spending has ever been published. The Soviet defence budget, normally referring to the total for personnel and fixed assets, such as military bases, currently admitted at just under R21bn, will be cut by 14.2 per cent, he said.

Botha in hospital

P.W. Botha, President of South Africa since 1978, suffered a mild stroke and was admitted to a military hospital. His condition was reported to be "stable." Page 16

West Bank strike

Arabs in the occupied West Bank staged a strike to protest against mounting casualties from army gunfire and Israel's opposition blasted the government for its handling of the Palestinian uprising. The strike was widely observed.

Prosecutor shot

A left-wing guerrilla group said it shot and seriously wounded Panayiotis Tarasouleas, a senior Athens public prosecutor, in the second attack on a top law officer in just over a week. His condition was described as serious.

Berlin Wall divide

The Berlin Wall continued to divide East and West at the Conference of Security and Co-operation in Europe, though Western delegates denied that they were waging a concerted campaign to give it priority over other human rights issues. Page 3

Afghan offensive

Soviet-backed Afghan forces killed and wounded hundreds of rebels in a counter-offensive in the northern province of Kunduz bordering the Soviet Union, the official Kabul radio said. Last-ditch bid, Page 4

Union chief indicted

A Mexican judge says he has indicted Joaquin Hernandez Galicia, de facto chief of the powerful Oil Workers Union and the main target of last week's crackdown on alleged union corruption.

Lebanon talks

Leaders of Lebanon's rival Christian and Moslem cabinets have agreed to co-operate with the 22-member Arab League in a bid to prevent the formal partition of Lebanon.

Sri Lanka treaty

India said it was willing to consider a proposal by Sri Lanka's new president to negotiate a friendship treaty between the two countries.

Violence in Miami

Rioters started fires and looted stores as 700 police officers poured into two black neighbourhoods, arresting hundreds in an attempt to halt two days of racial violence, which began after the shooting death of a black motorcyclist.

No go airports

Foreign airlines warned they might call a token halt in flights to Italy in protest over "continuous paralysis" at the country's strike-hit airports. A strike by Alitalia pilots and heavy fog closed all but one airport yesterday.

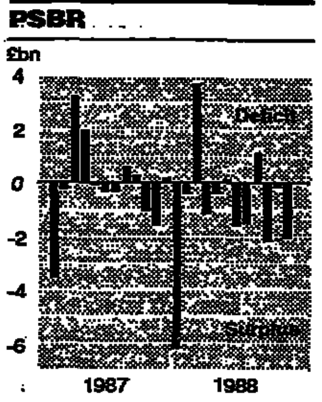
Business Summary

Fokker says it may bid for Short Brothers

FOKKER, Dutch aerospace manufacturer undergoing financial reconstruction, has expressed interest in buying Short Brothers, the Belfast-based aerospace group which is being privatised. Fokker must submit preliminary proposals to financial advisers by February 10. Page 16

UK TREASURY is set to make a repayment of Government debt in the 1988-89 financial year possibly in excess of £13bn ($22.8bn). Official figures

PSBR



show the Treasury achieved a public sector borrowing requirement surplus of £2.1bn in December. Page 8

MOLSON COS LTD and Australia's Elders IXL Ltd, owner of Carling O'Keefe Breweries, said they will merge their North American brewing operations into an equally held partnership called Molson Breweries.

INTERNATIONAL Business Machines, world's largest computer company, said its profit in the fourth quarter rose 12.4 per cent to $2.35bn, rounding off its best year since 1985. Page 17

FRANCE'S stock market authorities are to launch an inquiry into possible insider trading in Moët Hennessy-Louis Vuitton (LVMH), the French champagne, cognac and luxury goods conglomerate. Page 20

COCOA producing nations meeting in London today face a crisis which threatens the existence of their pact to stabilise prices, already around the lowest since 1976. Commodities, Page 28

EUROPEAN Commission announced details of a new bilateral trade agreement with Canada which removes much of the discrimination against imported European alcoholic drinks. Page 6

APRICOT COMPUTERS, UK maker of workstations, said it was unlikely to repeat its 1987-88 profits of £8.2m ($14.4m) because of poor third quarter results. Page 27

MR ROBERT MAXWELL, media magnate, took effective control of Scitex Corporation, Israel's flagship high-tech company, through the purchase of 27 per cent of its share capital for $39m. Page 26

GENCOR, South African mining house, has reappraised its operations due to the decline in the rand-denominated price of gold. Production and staffing levels are being reduced at three mines. Page 18

MIM HOLDINGS, leading Australian mining group, overcame a heavy deficit in its coal operations to record a strong boost in profit for the half-year to December. Surging prices for copper, lead and zinc helped lift net trading profit to A$69.2m ($59.3m) from the previous A$40.1m. Page 21, Commodities, Page 28

BELGIUM'S national bank raised its three-month treasury bill rate, the country's key interest rate, to 7.6 from 7.5 per cent. It left its one and two-month rates unchanged at 7.4 per cent each. German rates fear, Page 2

Dollar rises despite wider US deficit, bank intervention

By **Peter Norman** in London, **Janet Bush** in New York and **Anthony Harris** in Washington

THE DOLLAR advanced strongly on foreign exchange markets yesterday, shrugging off a higher-than-expected US trade deficit in November and *concerted central bank intervention* to stem its rise.

The US currency closed in London nearly two pfennigs higher against the D-Mark and gained more than a cent against the pound.

The stronger dollar pulled London equities decisively higher under the lead of export related shares. The FT-SE 100 closed up 24.4 at 1892.1, its highest closing level since the world stock market crash of *October 1987. The FT Ordinary* share index advanced by 18.7 points to close at 1,540.

The rising dollar also boosted US government bonds and equities. Treasury bond prices jumped ⅜ point, pushing the yield on the Treasury's benchmark long bond down to 8.82 per cent, its lowest since the beginning of November.

The Dow Jones Industrial Average closed up 24.11 at 2,238.75 around its highest levels *since the stock market* crash.

While the dollar's strength encouraged equity investors in London and New York, it poses a major challenge to economic policy makers worldwide.

Although it was uncertain whether today's meeting of the Bundesbank's policy making central council will decide to tighten West German monetary policy, the latest dollar gains will have strengthened the arguments of those senior Bundesbank officials who have *been arguing for an increase* in the West German discount rate from its 3.5 per cent level.

The strength of the dollar is also likely to push currency issues high up the agenda of the proposed meeting of Finance Ministers and central bank governors of the Group of Seven.

The G7 meeting, now likely to take place in Washington around February 2 and 3, was intended as a low key event to enable the US's major trading partners to get to know the Bush Administration and start the annual process of mutual surveillance of the G7 countries' economic policies.

Yesterday's dramatic developments on the foreign exchange market began with the announcement that the US trade deficit widened sharply in November to $12.5bn, compared with $10.3bn in October.

The figure was much worse *than the consensus forecast* of a $11.1bn deficit, but after prompting an initial decline in the dollar's value the markets shrugged it off.

Subsequent intervention by the Bundesbank, the US Federal Reserve, *the Canadian* central bank, the Bank of Italy, the Bank of France, The Bank of Spain and the Bank of England failed to halt the dollar's rise.

The dollar closed in London at DM1.8695 and Y128.45 (DM1.8505 and Y127.70) and *withstood waves* of intervention in New York to reach highs of Y128.75 and DM1.8720 in late trading. In London, sterling fell to $1.7550 at the close ($1.7680) but advanced against the D-mark to DM3.28 from DM3.2725 in spite of Bank of England sales of pounds and dollars.

Although the central bank intervention was widespread, European monetary officials said it was relatively modest.

They estimated that the central bank dollar sales were in the "low hundred millions".

The dollar started rebounding from lows immediately after the trade announcement when Mr Beryl Sprinkel, outgoing Chief White House Economist, reiterated his view that intervention without policy adjustments was ineffective.

New York currency analysts attributed the dollar's rise primarily to heightened expectations that the US Federal Reserve would raise US interest rates again to dampen down domestic demand and therefore reduce imports.

Japanese trade figures, Page 4; US trade figures, Page 6; Lex, Page 16; World markets, Section II

Chancellor Kohl hears evidence of the Libyan connection yesterday

Bonn had evidence of link with Libya plant

By **David Goodhart** in Bonn

WEST GERMAN intelligence services suspected as early as August 1987 that the Rabta plant in Libya might be capable of producing chemical weapons, Mr Wolfgang Schäuble, the head of the Chancellor's Office, admitted yesterday.

Mr Schäuble was speaking during a major parliamentary debate. He also made the clearest acknowledgement so far that the West German Government had for many months possessed evidence about the role of German companies in supplying the plant. The admission drew opposition charges that the Government had responded far too slowly.

Mr Schäuble's remarks contrasted with Bonn's initial scepticism about Libya's chemical weapons potential. In the last few days there have been conflicting statements from different parts of the Government machine.

He made it clear that the Government was first made aware *by the US of West German companies'* involvement with the plant in May 1988. Earlier official statements from Bonn suggested that the US evidence was presented last October.

The Government, he said, had responded swiftly to US accusations in June 1988 that the Munich-based firm, Intec, had helped Libya transform transport planes into bombers.

Export control inspectors apparently found no evidence with which to charge the company at that time, but earlier this week the state prosecutor in Munich said he was opening

Background, Page 3
Continued on Page 16

First Japanese bank enters equity market

By **David Lascelles**, Banking Editor, in London

THE Industrial Bank of Japan *yesterday achieved a regulatory* breakthrough by becoming, through a UK-registered subsidiary, the first Japanese bank to enter the equities markets.

The move marks a softening *of the Japanese regulation* which separates banking and securities. It could pave the way for greater participation by Japanese banks in the world's stock markets.

IBJ obtained a membership of the London Stock Exchange for its local offshoot, IBJ International, a UK-registered bank which handles IBJ's activities in the international capital markets. The bank is also joining Seaq International, the automated stock price quotation system, and will initially make markets in 10 leading Japanese stocks.

Section 65 of the Japanese securities law bars banks from securities activity, but it does *not extend to their overseas* business. This means that Japanese banks can deal in securities internationally, although they have up to now confined their activity abroad to the debt and equity warrant mar*kets, under the guidance of the* Ministry of Finance.

Observers of the Japanese regulatory scene said yesterday that IBJ would not have applied for Stock Exchange membership without the Ministry's consent. *The fact that* this consent was apparently given was seen as a sign that the Japanese authorities foresee the day when banks will be *allowed to deal in equities on* their home market, possibly in parallel with similar regulatory reform in the US.

It also follows the granting of permission by the Ministry to securities houses such as Nomura to engage in banking abroad.

IBJ, Japan's largest bank by market capitalisation, has been one of the most aggressive in the international capital markets. Last year it was the ninth largest manager of Eurobond issues worldwide, and first among the Japanese banks.

Mr Akira Horinouchi, associate director in charge of IBJ's new six-person equities desk, said that the membership of *the London exchange* reflected a strategic decision to place more emphasis on equities.

Although some European and US houses are cutting their equity business because of low volumes, he said: "I *think there is still potential for* us to make a profit" because of the buoyancy of the Tokyo stock market.

IBJ has agreed with the London exchange to start the business in a small way. However, *Mr Horinouchi said it would* expand its size and scope as and when market conditions were favourable.

It is thought likely that other Japanese banks will be watching IBJ's move closely and *will soon follow suit*. Japan accounts for seven of the world's 10 biggest banks in terms of assets.

AT&T refuses to support takeover bid for GEC

By **Terry Dodsworth**, Industrial Editor, and **Hugo Dixon** in London

PLANS to mount a hostile takeover to break-up the General Electric Company, Britain's largest electrical and electronics group, ran into further problems yesterday when American Telephone and Telegraph of the US refused to give firm backing for the venture.

AT&T is one of several companies that have had talks about the break-up project in London. The American group was brought into the discussions, organised by the Lazard merchant bank, as a potential purchaser of the telecommunications business owned jointly by GEC and Plessey, its UK partner.

After a morning Board meeting in New York yesterday, however, an AT&T spokesman refused to comment on the company's intentions. It was not company policy to comment until it was ready to make a firm announcement, he said.

The failure of AT&T to back the Lazard proposals at this point will add to mounting scepticism in London and among institutional investors about the practicality of making a hostile bid for GEC.

Lazard's initial plan was to organise a bidding which included STC, the UK telecommunications group, to take on the operations owned by Plessey and GEC. Plessey, which was itself the target of a takeover proposal from GEC and Siemens of West Germany, would have taken on GEC's defence activities.

STC, however, has gone cool on the plan, leaving the way open for the talks with AT&T, the world's largest telecommunications manufacturer, which is anxious to expand in the European market. AT&T had discussions on the issue last week, but has clearly not made

Continued on Page 16

Brussels determined over farm support

By **Tim Dickson** in Brussels

THE NEW European Commission yesterday signalled its determination to maintain a restrictive farm support policy in the wake of the recent much-trumpeted reforms of common agricultural policy.

Details of this year's prices package – which will freeze most of the guaranteed common prices paid to farmers by Brussels – were agreed at the commission's weekly meeting in Strasbourg.

The latest proposals, which will be studied carefully by the European Community's major trading competitors in the light of an international effort to cut back farm subsidies, are important because they appear to continue the more market oriented approach developed over the last four years by Mr Frans Andriessen, the outgoing Agriculture Commissioner.

In a warning to member states, which will start debating the package at next week's meeting of Community agriculture ministers, Mr Ray MacSharry of Ireland, his successor, said: "Nobody should get the impression that the Commission will depart lightly from the proposals in the

The faceless men shaping Europe's destiny, Page 2
Continued on Page 16

Polish party vote opens way for legalisation of Solidarity

By **Christopher Bobinski** in Warsaw

POLAND'S Communist Party Central Committee has backed efforts by General Wojciech Jaruzelski to establish a modus vivendi with Solidarity amid one of the most serious challenges the party leader has had to face since he came to power in the autumn of 1981.

The 200-strong Central Committee finally accepted a statement in the early hours of yesterday that opened the way to changes in the political system and the legalisation of Solidarity, with some 37 members voting against but only after the entire party leadership had insisted it be given a vote of confidence.

The statement says that "the conditions, means and timetable for introducing trade union pluralism and opening the way to the setting up of new unions, including Solidarity" should be hammered out in round-table talks with the opposition. The talks were mooted last autumn but never took place.

The statement adds the round-table talks would also map out a common platform for elections due later this year and the terms on which new political groupings would be brought into Parliament.

As the committee went into close session on Tuesday evening to debate the statement, Gen Jaruzelski, Gen Czeslaw Kiszczak, the Interior Minister, Gen Florian Siwicki, Defence Minister, and Mr Marian Orzechowski, in charge of ideology, all offered to resign and led the entire party leadership out of the room.

Mr Henryk Jablonski, a party veteran, was left holding the chair and he conducted the confidence vote on a show of hands which gave the General and his team overwhelming support with a mere four abstentions. The vote came after a two-day debate, which revealed little enthusiasm and much opposition to the leadership's attempt to reach an accommodation with Solidarity and a growing feeling that the time was approaching for a change at the top of the party.

However, for the time being, Gen Jaruzelski's position remains secure because no clear challenger has appeared – although the General faces a major test in the spring at a national party delegates' conference, where discontent could re-emerge with renewed force.

Meanwhile, Solidarity, which yesterday was not commenting on developments, will find it hard to accept the conditions the party is setting for its legalisation, which include a commitment to respect the party's leading role, shunning clandestine financial support from the West, and supporting economic reform programmes.

MARKETS

Hong Kong
Hang Seng Index

STERLING
New York close
$1.7525 (1.77)
London:
$1.7550 (1.7680)
DM3.2800 (3.2725)
FFr11.1825 (11.1550)
SFr2.7900 (2.7875)
Y225.50 (225.75)

DOLLAR
New York close
DM1.8725 (1.85125)
FFr6.3830 (6.3010)
SFr1.5915 (1.57575)
Y128.70 (127.85)
London:
DM1.8695 (1.8505)
FFr6.3725 (6.3100)
SFr1.5895 (1.5760)
Y128.45 (127.70)

INTEREST RATES
US lunchtime
Federal Funds 9 3/16% (9¼)
3-mth Treasury Bills: yield: 8.54% (8.48)
Long Bond: 101⅞ (101⅝)
yield: 8.81% (8.881)
London
3-month interbank: close 13 1/16% (13⅛)

STOCK INDICES
New York close
Dow Jones Ind. Av. 2,238.75 (+24.11)
S&P Comp 286.43 (+2.61)
London:
FT-SE 100 1,892.1 (+24.4)
World: 141.85 (Tue)
Tokyo
Nikkei Ave 31,354.55 (+127.03)
Frankfurt
Commerzbank 1651.1 (-11.2)

OIL
Brent 15-day (Argus) $17.45 (+0.15) (Feb)
West Tex Crude $19.075 (-0.06) (Feb)

GOLD
New York close
Comex Feb $403.38 (404.0)

CONTENTS

EUROPEAN NEWS

W German interest rate rise feared as $ firms

By Andrew Fisher in Frankfurt

THE DOLLAR'S strength against the D-Mark yesterday continued to feed speculation about a possible rise in West Germany's 3.5 per cent discount rate, but market opinion was divided on whether this would be decided at today's Bundesbank council meeting or later.

After dipping slightly on publication of the large US trade deficit for November, the dollar briefly moved above DM1.86 in Frankfurt yesterday. The Bundesbank has stressed that it dislikes a weak D-Mark because of the dangers of imported inflation, especially with rising oil prices.

"I think the chances of a discount rate rise (today) are fifty-fifty," said Mr Giles Keating, an economist with Credit Suisse First Boston in London. "The discount rate is vulnerable, but it is still highly debatable whether a rise now would be to the best effect."

He thought the central bank would prefer to wait to see if much heavier foreign exchange intervention would bring down the dollar if it moved shortly to DM1.90 or higher. "Then the discount rate could be used as a death blow," cementing the stronger D-Mark after concerted intervention.

Money market rates have already moved up in the last few days, with yesterday's securities repurchase (repo) terms edging up to between 5.2 and 5.5 per cent from 5 per cent. This occurred as the Bundesbank switched to a variable from a fixed rate method.

The continued strength of the dollar has put pressure on the Bundesbank to consider action to reverse the D-Mark's fall. "The Bundesbank is very nervous about inflation," added Mr Keating. "They see it as checking economic growth and checking spending power."

Mr Peter Pietsch, an economist with Commerzbank, said he saw no reason for an imminent rise in the discount or Lombard rate, now at 5.5 per cent, either for inflation or exchange rate reasons.

"The Bundesbank cannot always react to changes in exchange rates by just pushing its main interest rates up and down."

SEL chief held on suspicion of fraud

By Haig Simonian in Frankfurt

MR HELMUT LOHR, the chief executive of Standard Elektrik Lorenz (SEL), the West German electrical engineering group which is now majority-owned by Alcatel, was yesterday arrested in Stuttgart for suspected fraud and tax evasion.

The news came only the day after SEL announced that Mr Lohr, who is the UK's honorary consul general in the state of Baden-Württemberg, would become Alcatel's senior vice president for corporate development at the beginning of March.

Details of the case remain sketchy at present. However, Mr Helmut Krombacher, an official from the Stuttgart state prosecutor's office, confirmed that bail had been set at DM1.5m ($780,000) pending further investigations against Mr Lohr, who has headed SEL, West Germany's fifth biggest electrical engineering group, since 1976. The enquiries would take at least another two months, said Mr Krombacher.

Mr Lohr's troubles come at a difficult time for SEL, which was bought by France's Compagnie Générale d'Electricité, Alcatel's main shareholder, from ITT in 1986. Since then, its consumer electronics activities have been sold to the Finnish Nokia group, triggering differences with the workforce, while heavy losses run up in its office equipment operation have led to widening boardroom differences.

Post office in neo-Nazi dispute

By Haig Simonian

THE WEST GERMAN federal post office has become embroiled in an unwelcome burst of publicity involving the *Deutsche Volksunion*, a tiny but highly vocal extreme right-wing political group.

The neo-Nazi party, which has seldom been a stranger to controversy, has been hitting the headlines following its latest campaign to post propaganda material to 28m German households.

Exhorting voters to put the homeland ahead of Europe, the highly racist material, which is directed strongly against West Germany's *large immigrant* population, is being sent out ahead of this summer's European Parliament elections. Voters in Frankfurt, where an important municipal poll is due in March, have been receiving additional material.

Postal workers' representatives, as well as a variety of politicians, have expressed strong disapproval of the deliveries. However, the post office, which is making some DM3.2m (£1m) in postal fees from the business, says it cannot refuse to deliver the letters as they do not call for a breach of the law.

How the postal campaign, which is costing the party DM6m, is being funded *remains a mystery. According* to Mr Gerhard Frey, the reclusive publisher of the extreme right-wing Deutsche National-Zeitung, the Deutsche Volksunion *has some 12,000 members*.

The post office has advised those who do not want to receive the letters simply to put them back in the post. The main Munich sorting office involved is apparently already receiving 20,000 unopened letters every day from Germans who prefer to keep the party at arms length.

● Two members of the Red Army Faction left-wing guerrilla group were jailed *for nine* years each yesterday for a bomb attack on a West German aerospace company, Reuter reports from Stuttgart.

Ryzhkov tells Armenian and Azeri parties to end rivalry

By Quentin Peel in Moscow

MR Nikolai Ryzhkov, the Soviet *prime minister, has* warned the Communist Parties of Armenia and Azerbaijan that they must bury their ethnic rivalry, following drastic purges in the ranks of both organisations.

In a hard-hitting address to the central committee of the Armenian party, he warned the local leaders to put their house in order, both to pull the region out of 12 months of nationalist turmoil, and to revive the area shattered by last month's earthquake.

He defended the imposition of direct Kremlin rule on the enclave of Nagorno-Karabakh – the region at the heart of the ethnic disturbances between the two republics – as a major contribution by Moscow to reconcile the combatants.

At the same time, he roundly condemned Armenian nationalists in the banned Karabakh committee for "whipping up inter-ethnic passions, staging disorders . . . and driving thousands of innocent people from their native homes."

According to unconfirmed reports last night, leaders of the Karabakh committee arrested over the past month have been transferred from Yerevan to Moscow.

The committee, whose members are leading members of the intellectual community in Armenia, has enjoyed mass popular support during the past year – at the expense of a Communist Party leadership widely regarded as having lost control of the situation.

Mr Ryzhkov was addressing a meeting of leading party activists, after a plenary meeting at which Mr Y. P. Kochetkov, second secretary of the party, and by tradition the Moscow man in the organisation, was replaced – the highest casualty in the latest purge. Mr F. T. Sarkisyan, a member of the republican Politburo, also departed "in connection with his retirement."

Mr Ryzhkov warned the party leaders that Moscow rule in Nagorno-Karabakh did not make them any less responsible for "a radical change in the situation."

His denunciation of the Karabakh committee are the strongest words against the nationalist movement by a top Soviet leader, and confirm the tough crackdown now in force.

The Soviet press, meanwhile, has reported that both sides have welcomed the imposition of direct rule in Nagorno-Karabakh, where a majority Armenian population has hitherto been ruled from Baku, the Azerbaijan capital.

Because there is no change in the territorial status of the enclave – it remains part of Azerbaijan in name – the decision was welcomed in Baku, according to Moscow News. "The traditional expression of approval sounded like a genuine sigh of relief," the weekly newspaper reported.

In Yerevan it was also supported, it said, although Armenians insisted that it was not any "final solution" to the question.

European parliament forges links with Turkey

By David Buchan in Strasbourg

AN EIGHT YEAR freeze in relations between the European Parliament and the Turkish national assembly has ended this week in a joint meeting between deputies of both institutions.

Mr Ali Bozer, Turkey's minister for European Community affairs, said that Turkey hoped to start negotiating entry into the EC before 1992, the date set for completion of the Community's internal market. He was addressing the first EC-Turkish parliamentary meeting since the 1980 military coup in Turkey disrupted relations with the Community.

But Mr Jacques Delors said this week that the European Commission would give its opinion on the April 1987 Turkey entry application to EC governments only by the end of this year. This indicated further slippage in an already leisurely timetable by the Commission, which has earlier promised its opinion – expected to harp on the economic problems of Turkish adaptation to EC membership – by mid-1988.

The significance of this week's meeting is that the European Parliament has always been the vocal point of political opposition, on human rights grounds, to Turkey joining the EC. Turkish MPs, led by Mr Bulent Akarcali, a former minister and leader of the Motherland party, were yesterday stressing, to their EC counterparts, their country's democratic credentials.

French social security predicts deficit fall

By George Graham in Paris

FRANCE'S main social security office recorded a deficit of FFr10.26bn ($1.63bn) last year but forecasts for this year's shortfall have been scaled back drastically to FFr7bn, less than a quarter of the deficit of FFr32.7bn predicted as recently as July.

The social security accounts commission says in a report to be published today that the general office, which covers most employees and accounts for over two thirds of the total social security spending, paid out FFr788bn in 1988 and is forecast to pay FFr837bn this year. Total social security spending is expected to rise to FFr1,224bn this year from FFr1,155bn in 1988.

The improvement in the *social security system's* financial prospects comes from the Government's decision to extend until May a 0.4 per cent levy on all taxable income (most social security contributions cover only salaries) and to raise by 1 percentage point the contribution for old age pensions. Retirement is one of the weakest points of the system, with payments up 8 per cent last year, rising much faster than income.

The exceptionally heavy influenza outbreak this winter is expected to cost the social security an additional FFr1bn, the report says.

France's transatlantic islanders fight for their cod

By George Graham in Paris

AFTER RESTORING calm in its Pacific territory of New Caledonia, France now faces unrest in another of its far-flung territories, St Pierre et Miquelon.

This cluster of islands off the Newfoundland coast, the last remnant of France's North American empire, has been locked in dispute for the past two years with Canada *over* fishing rights in the North Atlantic waters *that* surround it. Now its 5,000 inhabitants *are up in arms against* their French cousins come to fish in their waters.

St Pierre's sailors decided on Tuesday night to take naval action against the "Grande Hermine", a factory trawler from St Malo in Brittany if the *French Government did not* force it to leave the disputed *fishing zone*.

"Things could turn very nasty. Feelings are very inflamed here," said Mr Albert Pen, senator for the islands and mayor of St Pierre, their only town.

The dispute centres *on* fishing quotas in a zone disputed by France and Canada. With Canada refusing to give France further quotas outside this zone – Mr Enrique Iglesias, the Uruguayan arbitrator, is due to report next month – the St Pierrais want to keep the remaining cod to themselves.

The Government earlier this month allotted a 1989 quota of 5,500 tonnes of fish to St Malo, a 40 per cent cut from 1988, while raising the St Pierre quota by 35 per cent to 20,500 tonnes, but this has not satisfied the disgruntled islanders, *who earlier this month drove* off two aircraft-loads of riot police sent from mainland France to control possible protests at the arrival of a new prefect.

Mr Michel Rocard, the Prime Minister, has invited Mr Pen and other *local officials* to Paris for a final round of talks, *but they do not want the St* Malo boat to carry on fishing while negotiations are prolonged.

All the same, the St Pierrais are not about to sever their 450-year links with France to *hitch up with Canada*.

"There is no question of *turning Canadian. We are* French here. And it is Canada's policy of fishing restrictions which has forced us to turn against St Malo," says Mr Pen.

Rocard: invitation

Poll boosts Greek opposition

By Andriana Ierodiaconou in Athens

A MAJORITY of Greeks believe that the greatest problem their country *faces* is an economic one, and that the *national economy can be man*aged more effectively by the Conservative opposition New Democracy party than the ruling Panhellenic Socialist Movement (Pasok), according to a poll conducted in the Athens and Pireaus areas.

About 40 per cent of Greece's *10m population is concentrated* in the Greek capital and the adjacent port city. The poll results have important implica*tions for the next* general election, due by June at the latest, in which the Conservatives are expected to mount a strong challenge to the Socialists.

The economy is a key factor in determining voter preference. According to the poll, published in the left-wing Athens daily newspaper Eleftherotypia, some 31 per cent of those questioned thought the economy was Greece's main problem. By *comparison, social* problems such as pollution or the quality of health services polled under 2 per cent.

Just under 38 per cent approved of the Conservative opposition's approach to the country's economic problems against 24 per cent for the Socialists. New Democracy is *an advocate of the free market* and private enterprise, while the Socialists favour giving the public sector the leading role in economic development.

Meanwhile, the Labour Ministry and trade unions reacted sharply yesterday to a 13 per cent pay increase proposal for *1989 tabled by the Federation* of Greek Industries. The Federation was castigated particularly for not following the public sector in linking wages to the inflation rate, which unions say is likely to exceed 13 per cent this year.

The faceless men shaping Europe's destiny

David Buchan takes a glimpse behind the scenes at the Brussels bureaucracy

THE new European Commission taking office this month may be more powerful than any of its predecessors in shaping the destiny of 320m Europeans, but it remains far more faceless than most national civil services.

Like an iceberg, only the uppermost fraction of the Commission is visible. The 17 men and women who inhabit the 13th floor of the Berlaymont building and who make up the college of Commissioners have some public image, at least in the member states from which they hail. But the thousands of Eurocrats who work on the lower 12 floors and in other buildings scattered around central Brussels remain largely unknown.

Least deserving of this obscurity are the men who run the 22 directorates-general into which the Commission is split. Akin to permanent under secretaries in a UK ministry, these are the men responsible for the drafting of Commission proposals and, if and when such proposals get EC governments' approval, for implementing them.

They also provide the continuity. *Commissioners may* come and go; nine of the 17 Commissioners are newcomers. But some directors-general seem to go on forever – Mr Fernand Braun, a Luxembourgois, has been at the helm of the industry *directorate* since 1973 and Mr Manfred Caspari, a German, in charge of the competition directorate since 1981.

What makes the Commission unique among the world's bureaucracies is its treaty-appointed role of proposer of new legislation.

EC governments, either collectively in their twice-yearly summits or individually when they hold the rotating presidency of the EC Council of Ministers, can, and do, suggest *new initiatives* (and, of course, retain their right of final approval or veto). And the Commission usually takes the hint and comes up with the requisite proposal.

Rather exceptionally, too, all the Commission's work on the internal market programme – which began in 1985 and will continue until 1992 or after – is taking place under the broadest of political guidelines set down by governments in the Single European Act, which was signed in 1985 and ratified in 1987.

But the detail of how to fulfil these guidelines falls to the Commission, and particularly to "the services," the directorates-general (or deegees as they are dubbed in Brussels) where 80-90 per cent of all proposals originate.

Overlaying the services, of *course*, are the *cabinets*, the personal entourages of individual Commissioners. These private offices (half a dozen strong) keep a Commissioner up to date on matters outside his or her immediate dossier and act as his or her political antennae.

As such, they are a prime target of Brussels lobbyists wanting a shorter circuit than going through the services. But frequently cabinet members simply end up passing on lobbyists, individual businessmen, trade associations straight on to the relevant expert in the services, particularly if the matter is technical or concerns draft legislation in the early stages of preparation.

Ranking just below the Commissioners themselves are 26 A-1s, as they are known by their grading.

> **What makes the Commission unique among the world's *bureaucracies* is its role as proposer of legislation.**

They comprise the 22 directors-general, plus Mr David Williamson, the British secretary general of the Commission, Mr Jean Louis Dewost, *the French chief of the legal* services (a key job given the Community's highly legalistic nature), Mr Claus Ehlermann, a German who was the Commission's chief lawyer and is now its chief spokesman, and Sir Roy Denman, an ex-British trade official who ran external affairs until he went to Washington to represent the Commission.

Given their influence, there is a carefully constructed *national balance* among these full A-1 posts. West Germany, France, the UK and Italy get four each, Spain two, and the other member states one each, with one post that is not attached to any particular nationality.

A less exacting formula governs the 22 deputy directors general (ranked A-1 in a personal capacity), and 115 directors (graded A-2s).

There will be some A-1 changes, but mostly not immediate nor on the scale of 1986. The entry of Spain and Portugal in that year meant that some 1,500 Iberians had to be found jobs, and only one third of them in new posts. As a result of this, plus retirements and a general purge of the inefficient, over half the A-1 jobs changed hands in the last Commission.

A-1 slots will open up with Sir Roy Denman due to retire this summer, and Mr Braun and Mr Caspari next year. Among those rumoured to want to represent Europe in America are Mr Ehlermann and Mr Eamonn Gallagher, the Irish DG for fisheries. The Washington job is not considered in the gift of any one nationality.

But, just as the director generalship for agriculture (presently Mr Guy Legras) is held by (unwritten) convention to be a French post, so Bonn will fight to retain its almost unbroken hold on the competition director-generalship after Mr Caspari's departure.

Another convention that a *director-general and the* Commissioner to which he is responsible should not be of the same nationality appears, however, to be weakening.

The advent of Mr Filippo *Maria Pandolfi as Commis*sioner for telecommunications and research will not, it seems, mean the ousting his co-national, Mr Paola Fasella, as director-general for scientific R & D.

Ner, too, will Sir Leon Brittan's new responsibility for financial services affect the continued standing of Mr *Geoffrey Fitchew, the ex-UK* Treasury man who directs the financial services and company law section.

Part of the reason for this is that Mr Fitchew's directorate is now pulled threeways – an*swerable to Sir Leon for finan*cial services, but also to Mr Martin Bangemann (the industry/internal market commissioner) for company law and to Mrs Christiane Scrivener (holder of the new separate tax *portfolio*) *for corporate taxa*tion matters.

Carving up a directorate which until last month came under one Commissioner, Lord Cockfield, may be *logical*. So may also be making one Commissioner (Mr Pandolfi) responsible for all research, just as many member states (though not the UK) have a research minister.

All bureaucracies have a way of expanding, and none more so than that in Brussels. The embryo of a new directorate-general already exists in the "task force" small business, and another such task force on training and education is in the offing.

Who's who in Brussels

DG 1: Commissioners: Frans Andriessen, Abel Matutes
Director General: Horst Krenzler
Policies: External relations & trade negotiations

DG 2: Commissioners: Henning Christophersen, Jacques Delors
Director General: Antonio Costa
Policies: Macro-economic/monetary affairs

DG 3: Commissioner: Martin Bangemann
Director General: Fernand Braun
Policies: Internal market/industrial affairs

DG 4: Commissioners: Sir Leon Brittan
Director General: Manfred Caspari
Policies: Competition/cartels/state aids

DG 5: Commissioner: Vasso Papandreou
Director General: Jean Degimbe
Policies: Employment, education & social affairs

DG 6: Commissioner: Raymond MacSharry
Director General: Guy Legras
Policies: Agriculture

DG 7: Commissioner: Karel Van Miert
Director General: Eduardo Pena Abizanda
Policies: Transport

DG 8: Commissioner: Manuel Marin
Director General: Dieter Frisch
Policies: Aid to developing countries

DG 9: Commissioner: Antonio Cardoso e Cunha
Director General: Richard Hay
Policies: Personnel, Administration, Translation

DG 10: Commissioner: Jean Dondelinger
Director General: Vacant
Policies: Information, communication

DG 11: Commissioners: Carlo Ripa di Meana, Karel Van Miert
Director General: Laurens Brinkhorst
Policies: Environment/consumer protection/nuclear safety

DG 12: Commissioner: Filippo Pandolfi
Director General: Paolo Fasella
Policies: Research & development

DG 13: Commissioner: Filippo Pandolfi
Director General: Michael Carpentier
Policies: Telecommunication/information technology

DG 14: Commissioner: Manuel Marin
Director General: Eamonn Gallagher
Policies: Fisheries

DG 15: Commissioners: Martin Bangemann, Sir Leon Brittan, Mrs Christiane Scrivener
Director General: Geoffrey Fitchew
Policies: Financial services, company law & tax

DG 16: Commissioner: Bruce Millan
Director General: Eneko Landaburu
Policies: Regional development

DG 17: Commissioner: Antonio Cardoso e Cunha
Director General: Constantine Maniatopoulos
Policies: Energy

DG 18: Commissioner: Karel Van Miert
Director General: Enrico Cioffi
Policies: EC borrowing/lending

DG 19: Commissioner: Peter Schmidhuber
Director General: Jean Claude Morel
Policies: EC Budget

DG 20: Commissioner: Peter Schmidhuber
Director General: Lucien de Moor (acting)
Policies: Internal financial control

DG 21: Commissioner: Christiane Scrivener
Director General: Emilio Vilar
Policies: Customs union/indirect tax

DG 22: Commissioner: Henning Christophersen
Director General: Kaj Barlebo-Larsen
Policies: Environment/consumer protection/nuclear safety

Chefs de cabinet add national flavour in heat of EC kitchen

By Tim Dickson in Brussels

A WELL-CONNECTED Brussels lawyer observed just before Christmas: "I can think of several corporate clients who would pay a lot of money just for the 17 names and their telephone numbers."

His reference was not to the 17 new Commissioners – whose identities and individual portfolios, if not their direct telephone lines, were already well known at that stage – but to the 17 chefs de cabinet who will act as their senior advisers in Brussels over the next four years.

Cabinets (usually pronounced cab-in-ays, even in the authorised English version of Euro-speak) are a little understood but crucially important part of the lobbying and decision making process in the European Community.

They consist of a small team, typically made up of six men and women hand picked by their Commissioner, and hence loyal to him. Their job is to provide a bridge with the civil servants of the Community (the "services", or the DGs) and to tee up in their own regular discussions many of the decisions which are formally taken at the better publicised weekly meetings of the full Commission.

The cabinet system was copied directly from the French model by the EC's founding fathers and is therefore unfamiliar in most member states throughout Northern Europe (Belgium being an exception).

Contact with or access to the members of a cabinet team is considered essential by those whose business it is to try to influence the stream of legislation (directives and regulations) which is proposed or decided almost daily by the Brussels executive.

The power of the cabinets (and above all of the chefs de cabinet) lies in the access they are guaranteed to all the information and ideas emanating from the services – a point which can be a source of irritation among Directors General and other civil servants when they want to deal directly with the relevant Commissioner.

Such friction is exacerbated by the fact that while some in the cabinets are recruited from inside the Commission (and thus can call immediately on their inside knowledge of *the system*) many are brought in from outside, typically from national bureaucracies to which they will one day return.

This fuels the wholly justified suspicion that cabinets are a source of national influence over the deliberations of the Commission.

Certainly, diplomats at the various national embassies to the European Community try to keep open the lines of communication to the cabinets of "their" commissioners. But the fact is that the targets of this attention develop their own political antennae and often use them to repackage proposals in a form which they know will be more palatable to member states when they reach the final negotiating stage in the Council of Ministers.

Besides political nous, the willingness to foster good personal relations with opposite numbers in other cabinets is a key qualification. Many internal Commission battles are fought out at the weekly meetings of the "chefs" – chaired by the Secretary General Mr David Williamson – and the ability to forge alliances with the cabinets of other Commissioners can pay handsome dividends when a delicate issue is in the process of being argued through.

It is a little known fact even in Brussels that more than 20 of the 33 items on the agenda of the last Commission's last marathon meeting just before Christmas – including a highly sensitive proposal to reduce the level of nitrates in water – had effectively been agreed in advance.

Old Brussels hands say that a weak cabinet can survive with a strong Commissioner – a weak Commissioner, more to the point, can be significantly bolstered by a strong cabinet.

The combination of a strong Commissioner and a strong cabinet – best exemplified in the last Commission by the President Mr Jacques Delors and Mr Peter Sutherland, the Irishman responsible for Competition policy – cannot be understated.

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Business leaders 'want European monetary union'

By David Buchan in Strasbourg

A GROUP of leading European industrialists yesterday claimed gathering business support for European monetary union, including a single central bank running a single currency.

The day after Mr Jacques Delors, the Commission president, sketched out his plan for a federal European central banking system, Mr Cornelius van der Klugt, president of Philips and of the Association for European Monetary Union, released a survey showing that 86 per cent of more than 1,000 European business leaders wanted a single currency.

The Philips president was opening a debate on monetary union at the European Parliament here. He admitted that his new monetary union association had virtually no members from West Germany or the UK. But the survey purported to show that 79 per cent of 187 UK business leaders interviewed subscribed to the association's general goal.

Mr Giovanni Agnelli, the Fiat president, claimed that the City and industry in the UK supported monetary union, though "no one can easily bring pressure on Mrs Thatcher." Of the major captains of industry here yesterday only Mr van der Klugt was specific about practicising in his company what he was preaching.

He said Philips was considering joining the handful of European companies who already do their internal accounts in Ecus, and it was discussing changing to Ecu invoicing with outside suppliers.

Commission officials yesterday expanded on Mr Delors' Parliament speech on Tuesday. Under consideration by the special Delors monetary committee was the early creation of a federal structure grouping the existing 12 national central banks. Further progress in monetary policy co-ordination could not be made within the existing framework or existing Treaty of Rome arrangments, they had concluded.

Such a structure would still allow member states largely to set their own budget and tax policies, but monetary policy had to be determined at a federal level. Equally, however, a higher degree of economic policy convergence would also be needed, the officials said.

US hint on French and UK N-arms

By David White, Defence Correspondent

A STRONG hint that UK and French nuclear forces might be brought into the next stage of strategic arms cuts was made yesterday by General William Burns, head of the US Arms Control and Disarmament Agency.

In a Worldnet satellite-link news conference he said that if the US and the Soviet Union achieved the 50 per cent cuts foreseen in the Start negotiations there was "a good likelihood" of Britain and France being invited to participate in discussing further reductions.

His statement will provide ammunition to the leadership of Britain's opposition Labour Party in its efforts to forge a new nuclear policy based on negotiating away the country's Polaris ballistic missile submarines and their Trident successors as part of East-West arms control.

The Government has insisted on keeping UK nuclear forces, regarded as the minimum credible deterrent, outside the scope of negotiations. Although it has not ruled out including them at some stage, it has argued that "very substantial" further reductions in US and Soviet arsenals would be needed for it to review its position.

Soviet top brass press case for troop cuts

By Quentin Peel in Moscow

TOP SOVIET military commanders have embarked on a concerted public relations effort to persuade their officers and men of the necessity for the unilateral arms and troops cuts announced last month by Mr Mikhail Gorbachev.

A welter of public announcements, broadcasts, and interviews with the military top brass in recent weeks appears to be a response to considerable scepticism in the ranks at the prospect of demobilising 500,000 men, some 10,000 tanks and 800 aircraft.

The Army newspaper, Krasnaya Zvezda (Red Star), in particular, has published a series of interviews designed to reassure both the military, and the general public, of the good sense of the unilateral gesture announced by the Soviet leader to the United Nations.

At the same time, top political officers, led by General Dmitri Yazov, the Minister of Defence, have redoubled their campaign for "perestroika" within the military.

First details were published yesterday of the Soviet air force plans to reduce its strength by the promised 800 aircraft – the equivalent, according to Lieutenant General Aleksandr Pozdnyakov, deputy chief of staff of the air force, of the air forces of West Germany and Belgium combined.

"It is our view that the remaining forces will be sufficient to carry out defensive tasks, to guard our borders and respond to aggression if the need arises," he told Krasnaya Zvezda.

The aircraft involved would be principally ground attack planes, thus increasing the proportion of fighter aircraft in the Soviet defences.

However, Gen Pozdnyakov admitted that the air force could only prove adequate to its new role "by improving our training standards, and changing the emphasis to quality, not quantity."

He said that already the air force command had taken steps to improve the training of air crews, and "improve the reliability of aviation technology."

He insisted that the 800 aircraft to be withdrawn – although he did not identify the geographical distribution of the cuts – were not simply "out-dated technology." Those in "fair condition" might be broken down for spare parts, while "aircraft the military does not require will be transferred to the state. Any military airfields surplus to requirements would be transferred to local soviets (councils)."

All the top officers have been at pains to stress that the cuts in the coming months will not be carried out as brutally as a similar exercise in the 1960s, when many officers were dismissed only months before they were eligible for pensions.

As for military strategy, they have argued both for smaller, more professional armed forces, and the continuing nuclear capacity of the Soviet Union, capable of inflicting an "unacceptable" level of damage on Nato forces, or any aggressor.

Thus Colonel V. Strebkov, a lecturer in military science, argued in a recent issue of Krasnaya Zvezda that less than 10 per cent of each superpower's strategic nuclear warheads could inflict damage amounting to up to 70 per cent of industry, and killing about 30 per cent of the population.

Germans found nothing suspicious in exports to Libya

By David Goodhart in Bonn

THE West German customs and export control authorities would have found nothing suspicious about the plant construction equipment, or most of the chemicals, that flowed from Germany to the Rabta complex in Libya between 1985 and 1988.

Without any warning from the Government about the possibility of a dangerous "dual use", such products would have been seen as just a small part of the extensive trade between the two countries. Products requiring licences would have had them granted without a second thought.

Trade between the two countries has been falling in the past five years because of Libyan payment problems, and German companies have not noticeably benefited from the US trade embargo since 1986.

But Libya remains the most important market in the Arab world for German companies, and West Germans are the second biggest exporters to Libya after Italy. But Libya is one of the few countries to have a trade surplus with Germany.

That surplus – the result of Libya's oil – was nearly Dm 4.5bn (£1.4bn) in 1982 when Germany imported goods (mainly oil) worth Dm 7.2bn and exported goods worth only Dm 2.8bn.

The respective figures slipped in 1983 to Dm 6.3bn and Dm 2.7bn; 1984, Dm 6.2bn and Dm 2.3bn; 1985, Dm 6.3bn and Dm 1.5bn; 1986, Dm 2.2bn and Dm 1.1bn; 1987, Dm 2.1bn and Dm 900m. In the first half of 1988 imports from Libya were Dm 1.2bn and exports Dm 550m.

Libya represents the 31st most important export market for West Germany and is the 45th most important importer into Germany.

Despite this, diplomats continue to ask why the licensing procedures were not tightened much earlier, especially in view of the Government's admission that it was warned by its own intelligence service in August 1987 that Rabta might have a poison gas capability.

US officials now say Germany and other European countries are fully co-operating with attempts to prevent the plant going into production, but Bonn officials admit Libya may already have received most of the German exports it requires.

Genscher firm line on human rights

By Robert Mauthner and Judy Dempsey in Vienna

THE West German Foreign Minister, Mr Hans Dietrich Genscher, who has taken a close personal interest in the success of the Conference on Security and Co-operation, yesterday warned the Czechoslovak and East German authorities not to repeat their actions against peaceful demonstrators.

At the same time, he said the "thorough-going" reforms in the Soviet Union and in other Warsaw Pact countries had favourably influenced the atmosphere at the Vienna meeting.

In a speech which focused more sharply on human rights than on military and security issues, he went considerably further than had been expected in defending individual freedoms.

"Some of the events of the past few days have shown there is still a difference between pretension and reality," he said referring to the violent break-up by the authorities of groups in Prague and Leipzig.

Mr Genscher's shift of emphasis seems to reflect earlier concern voiced by some Nato countries about his apparent haste last July in promoting new conventional arms reductions talks at the possible expense of neglecting certain areas of human rights.

But yesterday, Mr Genscher hoped to dispel such suggestions by stating that "internal and external peace" was inconceivable without human rights.

In this context, West Germany had a particular role to play, and Mr Genscher stressed, what is now regarded as a preoccupation in Bonn, that any peaceful order in Europe would have to take into account the central importance of German-Soviet relations. The forthcoming visit to Bonn by Mr Mikhail Gorbachev would, he said, confirm this special relationship.

But in looking beyond German-Soviet relations, Mr Genscher, who is an enthusiastic supporter of Mr Gorbachev's reform programme, said the European Community, through more economic co-operation, could play a significant role in Eastern Europe. Bonn feels that more economic assistance by the West could speed up the political, economic and social reforms in the Eastern bloc.

Romania tells critics to mind their own business

By Judy Dempsey

ROMANIA yesterday said it had no intention of implementing a new package of human rights accords agreed at the Vienna CSCE meeting if the provisions did not comply with its constitution and laws.

At the same time, Mr Ion Totu, the country's Foreign Minister sharply criticised remarks made earlier in the week by Mr George Shultz, the US Secretary of State, about Romania's human rights record.

Mr Totu accused his critics of interfering in the internal affairs of his country, and added that no discrimination existed there "regardless of sex, religion or minority."

Mr Jaromir Johanes, the Czechoslovak Foreign Minister, responded to a barrage of Western criticism over the repression of peaceful demonstrations by saying his country was "striving for consistent implementation and creative development of the Helsinki process."

In addition, he defended the authorities' actions by saying no government would tolerate law-breakers.

Charter 77, the Czechoslovak human rights movement, sent an open letter to the Vienna meeting protesting about the use of tear gas by police, and questioning their Government's commitment to the Vienna accord.

In contrast, the Polish and Hungarian ministers' speeches were strongly in favour of reform and openness, with Mr Tadeusz Olechowski, the Polish Foreign Minister, describing "closed societies" as as an anachronism.

● More than 5,000 people – many chanting "Gorbachev" – demonstrated in central Prague yesterday but for the first time in four days of protests police did not intervene, Reuter reports.

In a direct reversal of violent tactics against demonstrators in the city's Wenceslas Square, witnesses said police made no move to disperse the crowd after Czechoslovakia came under heavy criticism at the conference in Vienna.

East-West war of words over the Berlin Wall

By Robert Mauthner

THE BERLIN WALL yesterday continued to divide East and West at the Conference of Security and Co-operation in Europe here, though Western delegates denied that they were waging a concerted campaign to give it priority over other human rights issues.

Mr Eduard Shevardnadze, the Soviet Foreign Minister, yesterday tried to play down the significance of criticism of the Wall voiced by Mr George Shultz, the US Secretary of State, and Sir Geoffrey Howe, the British Foreign Secretary, in their statements to the conference on Tuesday.

"Each state has the right to build its frontiers as it wishes and we must proceed from there," Mr Shevardnadze said in reply to journalists' questions.

However, Sir Geoffrey, who had described the Wall as a Cold War anachronism in his speech, came back to the attack in a news conference here last night.

"I think the nature of the monstrosity speaks for itself. I can't believe that Mr Shevardnadze or anybody else would wish to see the Berlin Wall continuing as a monument to what together we are trying to achieve in Europe. It cannot survive. I cannot tell you when it will come down, but down it will come."

Red Vienna's child celebrates a troubled centenary

Austria's Chancellor Vranitzky faces hurdles that evoke memories of the 1930s, writes Judy Dempsey

WHAT SHOULD have been months of festivals and gaiety to celebrate the 100th anniversary this year of the founding of the Austrian Socialist Party (SPOe), has turned into a nightmare for Mr Franz Vranitzky, the Chancellor and chairman of the party.

The nightmare, which is made up of many unpleasant dreams, is still not over. And Mr Vranitzky knows that it will run for many more months to come.

It seems curious that the SPOe, senior partner in the ruling coalition Government, should be less than enthusiastic about its 100th birthday.

After all, Austro-marxism, when it was founded in 1888 by Victor Adler, could boast not only a vibrant and intellectually energetic party, especially during the 1920s. It was also a party which translated some of its ideals into practice.

"Red Vienna" as it was known, gave the indigenous working class new homes, recreational centres and a better standard of living. It was that party which also tried to build some democratic institutions in a country which both before and after 1918 had few such traditions.

But it was precisely because the party worked against a background of weak democratic traditions and in a country which had been traumatised by the collapse of the Hapsburg Empire in 1918.

The irony is that today Mr Vranitzky is now confronted with problems reminiscent of those in the 1920s. Although he does not face the economic crisis which facilitated the civil war, he is saddled with a party which, then and now, is asking itself which direction it should be heading.

Like other socialist parties in Western Europe, Austrian Socialists are torn between maintaining a strong and paternalist state and modernising the party which will give greater scope to private enterprise at the expense of weakening the role of the State.

This is a debate which Mr Vranitzky, a former banker, is now faced with. On the one hand, the left-wing of the party, whose thinking is becoming increasingly old-fashioned if not dogmatic, prefer the rule of the state to the independence of initiative and strong democratic institutions which would foster public accountability, a notoriously weak concept in Austria.

Even on such things as the privatisation law, passed in 1987 which allowed the state to sell off the maximum of 49 per cent of its holdings, Mr Vranitzky has had to fight hard to get this compromise through.

But that is not all. He has had to try and reform the internal organisation of the party, which, to put it mildly, was riddled with corruption during the Kreisky years of 1970 to 1983. Socialists say that the Kreisky years are coming home to roost. For instance, over the past six weeks, Mr Vranitzky has had to force the resignation of two general secretaries of the SPOe. Both Mr Heinrich Keller and Mr Gunther Sallaberger, veterans of the Kreisky years, and subject of allegations that they had fiddled expenses or abused their tax-free privileges which Mr Kreisky established during his term as Chancellor.

He also runs the risk of losing Mr Karl Blecha, his Interior Minister, who is alleged to have been involved in a scandal involving the sinking of a ship and Mr Leopold Gratz, the former party boss in Vienna and now leader of the Parliament.

As if that was not bad enough for Mr Vranitzky, who has to keep the left-wing in the party in check, he has had to contend with the Conservative People's Party (OeVP), the junior partner in the coalition.

The OeVP, led by Mr Alois Mock, Vice Chancellor, Foreign Minister and chairman of the party, has proved a difficult partner for Mr Vranitzky, not least because Mr Mock, who long dreamed of becoming Chancellor, is permanently under the shadow of Mr Vranitzky. His sense of insecurity is compounded by the liberal-wing of the OeVP. Two of its leading thinkers, Mr Johannes Ditz and Mr Walter Schussel, are frustrated by Mr Mock's unimaginative style of leadership and his fear of any opposition within the OeVP.

At the same time, Mr Mock remains an ardent supporter and defender of Mr Kurt Waldheim, the controversial Austrian President who is alleged to have lied about his wartime past.

Both liberal OeVP and SPOe believe the top leadership in the OeVP has put serious strains on the coalition.

In addition, whether Austrians are prepared to admit this or not, the Waldheim affair has imposed a burden on Mr Vranitzky if not on Austria. For example, Western government leaders and foreign ministers are not coming to Vienna. At a time when the Austrian Government is preparing to apply for membership to the European Community (EC), this is a problem for Mr Vranitzky.

But if 1988 was a difficult one for the Chancellor, because of pending elections, 1989 shows few signs of giving Mr Vranitzky time to pull together and modernise the corrupt Socialist Party.

All eyes are on March 12, when three important provincial elections will take place. The man Austrians are watching is Mr Jorg Haider, the 38-year-old leader of the right-wing Freedom Party. This is a party of liberals and of nationalists. Mr Haider has gone one stage further by championing the "small man" against the power and bureaucracy of the State.

At his rallies, Mr Haider pours invective on corruption and privilege among politicians, against the grand coalition and against patronage. In a country where there are few politicians of independent means and where politicians are held in low esteem, Mr Haider will probably tap a lot of votes from the younger generation of disenchanted and disillusioned voters.

It is easy to see why. Young people are tired of the *parteibuch*, the compulsory party membership card, without which promotion to a decent job is impossible.

They are tired of the *proporz* system, whereby the managing boards of schools, factories, banks, insurance companies, trade unions, universities are equally divided between the "reds" (socialists) and the "blacks" (conservatives).

These are things the Chancellor has been trying to change over the past two years. But his time is precious and his support within his own party simply not strong or loyal enough for him to push through these changes.

And with a difficult junior partner to deal with and a beleaguered President who has caused a great deal of harm for Austria, Mr Vranitzky enters 1989 faintly hoping that the nightmare will soon end.

Alois Mock (left), vice-chancellor, has proved to be a difficult partner for Franz Vranitzky

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1987							
4th qtr.	108.5	109.7	29.1	133.3	218.8	2,658	262.1
1988							
1st qtr.	109.1	110.8	30.9	135.3	173.3	2,488	249.8
2nd qtr	110.0	112.7	31.2	137.0	181.2	2,364	255.2
3rd qtr.	111.8	116.0	31.4	139.3	188.0	2,228	264.3
March	108.6	111.1	31.7	135.4	175.1	2,464	258.4
April	109.4	111.9	31.8	136.3	180.4	2,403	255.9
May	110.1	113.1	31.3	137.7	180.5	2,364	254.5
June	110.4	113.1	31.2	137.0	182.3	2,324	255.1
July	110.6	115.4	31.1	140.0	191.4	2,267	260.7
August	111.1	116.2	31.5	138.5	187.7	2,226	262.8
September	111.4	116.4	31.4	139.4	185.8	2,182	260.3
October	111.1	116.6	31.7	141.2	188.7	2,158	251.2
November				140.4	218.0	2,109	244.9
December				140.3			

OUTPUT- By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1987							
3rd qtr.	106.0	104.6	107.6	105.4	110.7	104.7	19.9
4th qtr.	109.2	107.4	109.5	107.7	113.4	103.2	17.0
1988							
1st qtr.	109.3	105.7	108.4	107.9	119.0	104.2	19.5
2nd qtr	111.9	109.1	109.4	110.2	121.3	101.4	22.3
3rd qtr	114.1	114.4	108.5	113.9	124.2	102.0	20.4
February	108.3	104.9	106.9	105.0	116.0	104.0	20.5
March	109.6	106.7	108.2	109.0	113.0	102.0	21.6
April	110.6	107.5	109.4	109.0	124.0	101.0	21.0
May	113.6	106.8	109.7	109.0	120.0	102.0	19.5
June	111.7	112.6	109.2	112.0	119.0	101.0	23.5
July	114.1	112.3	108.4	113.0	127.0	103.0	20.6
August	113.6	115.4	108.4	115.0	127.0	101.0	20.5
Sept.	114.6	115.6	109.0	114.0	119.0	101.0	20.1
October	114.6	115.3	108.1	115.0	129.0	100.0	19.6
November							21.8

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1987							
3rd qtr.	109.2	119.5	-3,201	-1,294	+996	97.9	34.81
4th qtr.	111.9	120.8	-3,280	-1,908	+1,073	97.6	44.33
1988							
1st qtr.	106.6	117.8	-3,952	-2,913	+879	97.0	44.54
2nd qtr	111.1	127.4	-4,621	-2,754	+677	98.6	48.52
3rd qtr	110.5	135.6	-5,820	-3,570	+363	99.1	50.48
February	103.6	118.0	-1,596	-1,106	+302	97.1	42.93
March	107.5	115.7	-1,024	-578	+216	98.3	44.54
April	113.3	124.0	-1,237	-648	+308	98.2	47.98
May	108.9	127.2	-1,713	-1,124	+221	98.7	48.53
June	111.6	131.0	-1,672	-983	+148	98.7	48.52
July	107.2	145.3	-2,887	-2,001	+85	98.6	48.63
August	104.2	130.3	-1,948	-1,161	+141	98.8	50.64
September	116.3	131.2	-1,094	-408	+157	98.9	50.48
October	107.2	146.1	-2,929	-2,529	+95	97.6	50.05
November	110.1	136.4	-2,013	-1,613	+134	97.4	51.04
December							51.07

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1987							
3rd qtr.	5.8	26.5	18.7	+11,448	1,211	+874	10.00
4th qtr.	4.9	23.0	22.9	+11,202	3,067	+946	8.50
1988							
1st qtr.	5.2	20.9	21.2	+12,963	3,061	+1,035	8.50
2nd qtr	6.6	20.0	18.7	+15,343	4,173	+1,064	9.50
3rd qtr.	7.7	17.1	21.5	+15,740	3,162	+1,137	12.00
February	5.3	20.8	20.5	+2,482	1,102	+321	9.00
March	5.8	20.6	20.8	+3,625	1,059	+426	8.50
April	6.1	21.5	19.7	+6,644	1,576	+261	8.00
May	6.4	20.0	18.9	+3,798	1,353	+365	7.50
June	7.3	18.6	20.5	+5,139	1,239	+438	9.50
July	6.9	18.1	21.1	+6,150	1,362	+298	10.50
August	7.6	15.8	20.6	+3,361	1,179	+518	12.00
September	8.5	17.4	22.7	+5,680	621	+321	12.00
October	7.7	13.7	18.9	+4,218	1,583	+82	12.00
November	7.7	11.8	20.4	+3,301	766	+402	13.00
December							13.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg†	RPI*	Foods	Reuters* cmdty.	Sterling
1987							
3rd qtr.	117.6	95.3	108.6	102.1	100.5	1,647	72.7
4th qtr.	120.5	96.4	109.8	103.2	101.7	1,693	74.9
1988							
1st qtr.	121.6	96.9	111.0	103.7	103.5	1,747	75.3
2nd qtr	124.8	97.8	112.6	106.2	104.6	1,817	77.6
3rd qtr.	127.5	96.8	113.9	108.6	104.7	1,902	75.9
4th qtr.		100.1	115.2			1,887	77.5
March	124.0	95.7	111.4	104.1	103.9	1,734	76.8
April	124.3	96.3	112.2	105.8	104.4	1,736	78.2
May	124.1	97.7	112.6	106.2	104.7	1,778	78.4
June	125.9	99.5	113.0	106.8	104.8	1,898	78.3
July	129.3	98.4	113.5	106.7	104.6	1,970	75.6
August	128.2	98.8	113.9	107.9	104.4	1,863	75.5
September	127.3	98.2	114.3	108.4	104.5	1,873	75.6
October	128.7	98.0	114.9	109.5	104.9	1,874	76.3
November		99.8	115.2	110.0	105.7	1,866	77.1
December		102.6	118.4			1,921	75.9

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

OVERSEAS NEWS

Japan registers record $9.6bn trade surplus

By Patti Waldmeir and Ian Rodger in Tokyo

JAPANESE government officials tried gamely yesterday to claim that the country's bloated trade surpluses were still declining despite the publication of a record $9.6bn (£5.4bn) surplus in dollar terms for December.

"We believe we are on the right track," a foreign ministry official said following the publication of the figures. However, Western governments are increasingly concerned about the trend of Japan's recent trade figures, while the official could only *hope* "no other country will resort to protectionism".

Private sector economists are also sceptical that the trend was in the right direction. "These figures will do nothing to help the adjustment process," said Mr Ken Courtis of DB Capital Markets.

Exports rose 11.6 per cent in December to $26.1bn on a customs cleared basis and imports rose 11.3 per cent to $16.4bn. Exports of electric machinery were up 16.5 per cent to Y6bn while exports of transport machinery gained 4.4 per cent to $6.2bn. Japan had a $5bn trade surplus with the US, a $2.2bn surplus with the European Community and a $2.6bn surplus with south-east Asian nations. On a seasonally adjusted basis, the surplus dropped from $7.6bn in November to $7.1bn in December.

For the full year, the trade surplus fell 3 per cent to $77.4bn on a customs cleared basis. But in the latter half of the year, export growth gathered momentum while import growth eased. Analysts expect the trend to continue for the first few months of 1989.

The government has in effect admitted that the adjustment process has slowed substantially, having agreed last week on a forecast trade surplus of $88bn for the fiscal year ending in March, 1990 on a balance of payments basis compared with a revised estimate of $85bn for the current fiscal year.

Officials have acknowledged that the large surplus was a matter for concern but they have been arguing this week that the recent rising trend was a temporary phenomenon. They said low crude oil prices have depressed import growth while the high level of economic activity around the world has encouraged exports. They predicted world trade growth would slow some time next year, affecting Japanese exports, while imports would continue to grow strongly.

Some officials have even insisted that Japan has fulfilled its obligations to the international community, stimulating domestic demand and helping to bring about a 25.4 per cent growth in imports last year to $187.5bn. They say the US needs to take more action to reduce its federal deficit and foreign businessmen should try harder in Japan's hospitable market.

Private sector economists agree to some extent. "The problem is not that domestic demand has failed to respond. Import growth of 25 per cent is hard to criticise. It is on the export side that the figures are preventing correction," said Mr Richard Jerram of Kleinwort Benson.

A Foreign Ministry official said the Japanese exporters which adjusted successfully to the rise in the yen in the past two years had "maybe worked too hard."

Private sector economists agree that world economic growth will probably slow later this year, but are sceptical about its impact. "We may be looking at a better environment by the end of the year, but things will get worse before they get better," said Mr David Pike of UBS Phillips and Drew in Tokyo.

● Japan's trade with South Africa declined slightly in dollar terms last year compared with 1987, falling to second place behind West Germany, a Foreign Ministry official said yesterday, AP reports.

According to trade statistics released by the Finance Ministry, two-way trade between Japan and South Africa totalled $3.98bn, down 3.5 per cent from 1987.

West Germany's trade with Pretoria reached $4.19bn in the first 10 months of 1988.

Exports from Japan to South Africa amounted to $2.05bn, up 9.8 per cent, and imports totalled $1.93bn, a significant 14.5 per cent drop, the official said.

Iraq has developed biological weapons, says Israeli official

ISRAEL claims it has information that Iraq has developed biological weapons but does not yet have a means to use them on the battlefield, an Israeli official said yesterday, Reuter reports from Jerusalem.

The official, who asked not to be identified, told Reuters: "We know they have developed a military biological capacity. They have completed the research and development phase for this type of warfare.

"They may have samples but have not started to manufacture actual biological weapons nor, more importantly, have they yet acquired any airborne weapons, such as sophisticated missiles, to deliver the bacteria they worked on," he said.

The official said Israel also knew of Syrian research in the field, which was less advanced than Iraq's, while Libya had tried to buy biological warfare know-how.

Yesterday Iraq denied allegations that it was producing biological weapons, saying it did not need them to defend itself.

The Iraqi news agency, quoting the Ministry of Information, said reports that Israel had warned Baghdad of its intention to attack a factory producing the weapons were also untrue.

Two US television networks said on Tuesday that Iraq had developed biological weapons and that Israel had warned it to desist or face an attack like that by Israeli jets in June 1981 which destroyed Iraq's Osirak atomic reactor. Israel said the reactor was built to develop nuclear weapons.

Mr Mordechai Amihai of the Israeli Foreign Ministry denied that Israel had issued such a threat. "There is no truth in the report about threats against Iraq," he said.

"But if the information about biological warfare development is true, then it only provides further proof of the lack of responsibility of the Iraqi government," he said.

"Israel is very sensitive to its security and will take all the necessary measures to guarantee its security," Mr Amihai said.

The ABC television news report said Iraq was developing means to spread cholera, typhoid, anthrax and other diseases.

A former deputy head of Israeli Military Intelligence, Brigadier General Aharon Levran, said he had little doubt the reports were true but added that he thought such weapons were primarily aimed as serving as a "last ditch resort" in case of a massive Iranian attack.

Chinese economy grows 11.2%

By Colina MacDougall

CHINA'S economy grew rapidly last year, with GNP up 11.2 per cent from 1987 to Yuan 1,385bn (£206bn), according to Yuan Mu, spokesman for China's ruling State Council.

He has admitted, however, there were problems of overheating and conspicuous inflation in the Chinese economy, with industrial growth "excessively fast" at 17.5 per cent.

Improvements have been made, he claimed, since the party's Central Committee meeting last September to announce a clampdown, which included a drop in the "drastic" rate of price increases, a rise in savings to Yuan 379.8bn (up nearly a fifth over 1987), while over 10,000 construction projects had been halted.

Panic buying had been calmed, he said, and supplies of rationed goods such as grain ensured. Plans for 1989 included a GNP increase of only 7.5 per cent, industrial growth of 8 per cent, and agricultural growth of 4 per cent.

Yuan Mu made no reference to the failure of grain farming to reach its target by around 7m tons, a disaster which will not mean immediate starvation as officials say stocks are high, but has serious implications for the future if China cannot resume the growth it achieved in the early 1980s.

The central government, he said, would increase agricultural funds this year by Yuan 400m, and local authorities and other organisations would also increase subsidies, making a total investment of several billions.

Growing energy production has boosted China's 1988 industrial figures, although it is still inadequate. China mined 960m tons of coal last year, 30m tons more than the planned figure. Output of crude oil also exceeded the plan, reaching 137m tons, of which nearly 56m came from the leading but now ageing oilfield, Daqing. Electric power output rose over 9 per cent, which is still not enough to fuel the rapid pace of industrial expansion.

Iron and steel output also rose, to 56.4m and 59.2m tons respectively, but there were severe domestic shortages last year as local organisations tried to boost foreign exchange earnings with exports.

Output of TV sets, cameras, tape recorders and the like all grew by more than 20 per cent, and in some cases as much as 86 per cent. Chemical fibres, cotton cloth, synthetic detergents and plastic products by up to 17 per cent. Light industry roared upward with an increase of 19 per cent over 1987. Growth overall was extremely uneven.

The chaotic events of this year have spurred serious reflection in Peking on how to implement reform successfully. Last summer's open leadership splits over policy have been papered over, although Li Peng, the conservative Prime Minister, is on record as favouring more central control.

Chinese entrepreneurs resort to cattle-prods

By Colina MacDougall

CHINA'S new breed of entrepreneurial managers in the south-western city of Chongqing are so worried about their personal safety that they have started to arm themselves with electric cattle-prods to fight off "lawless desperadoes", the China News Service, a semi-official Peking organisation, has reported.

In the last three months, the Chongqing Security Service Company has sold more than 2,000 of these and similar weapons, and some were sold out the minute they reached the shelves.

They were originally used by police, notably in Tibet on alleged dissident prisoners.

Besides their curiosity value, it is China's economic reforms and the consequent sacking of surplus workers which are mainly responsible for the spread of these new toys.

The manager of Chongqing Security Service said managerial staff could hardly avoid offending some people, and this can sometimes result in "outrageous retaliation". He quoted a recent case in the north-eastern city of Shenyang where a businesswoman was murdered by staff.

Last month the Workers' Daily criticised the country's bosses for resorting to these devices and asked whether a factory could really become prosperous through using cattle-prods on its workers. Thorough ideological work might be a better route, it suggested.

Besides these growing labour problems, managers are also having to operate in a climate where workers are far readier to express grievances, sometimes violently. Three demonstrations took place in Chongqing last autumn, two protesting against new restrictions on taxis and motor tricycles and one against emissions from a chemical plant.

India agrees to consider Sri Lanka plan

INDIA said yesterday it was willing to consider a proposal by Sri Lanka's new President to negotiate a friendship treaty between the two countries, Reuter reports from Colombo.

President Ranasinghe Premadasa, who was elected last month, had proposed during the election campaign that the existing peace pact between Colombo and Delhi be replaced with an agreement on the lines of the Indo-Soviet Friendship treaty. Indian High Commissioner Jyotindra Nath Dixit conveyed India's position to Premadasa on Tuesday, a High Commission statement said.

India is willing to consider Sri Lanka's suggestion for a bilateral peace treaty, the statement said, adding that a draft of the treaty would be conveyed soon to the Indian government.

The agreement signed by former president Junius Jayewardene and Indian Prime Minister Rajiv Gandhi in July 1987 has been criticised by the opposition as a sell-out to India and Sri Lanka's minority Tamil community. The pact was aimed at ending a separatist revolt by Tamils in the north and east of the island.

About 50,000 Indian troops have been deployed in the two regions to hunt down the secessionist Tamil Tigers.

The Tigers have rejected the pact and are continuing an armed campaign for an independent state for the island's 16 million Tamils, 13 per cent of the population.

Some of the 50,000 Indian troops had been withdrawn following a request from President Premadasa, the statement said. It is understood that two troop battalions totalling about 3,000 men had left for India in the past two weeks.

India's budget deficit forecast to reach Rs80bn

By David Housego in New Delhi

INDIA'S budget deficit for the current financial year is expected to go significantly beyond initial forecasts, reflecting the continuing deterioration in the country's public finances.

According to unofficial estimates, the deficit as defined by government borrowing from the Central Bank, is likely to rise from Rs74bn ($4.8bn) as announced in the Budget to Rs80-85bn. On more widely accepted international definitions, the Budget deficit has been above 8 per cent of gross domestic product over the past three years. The further increase in the deficit this year is largely because of additional spending on fertiliser subsidies, flood relief and security.

It remains unclear whether Parliament will be asked to approve additional spending in further supplementary budgets before the end of the financial year in April. In an effort to hold down the deficit, the Government is now encouraging public sector enterprises to raise their prices so as to reduce their call on the state Budget.

Coal prices have been raised 13 per cent from January 1 and steel prices by 8 to 10per cent, although Indian steel prices are already well above international levels. Further increases in other administered prices, including the railways and electricity, are anticipated. These traditionally take place at the turn of the year, but the trend seems higher this year both for budgetary reasons and to catch up on price increases postponed 12 months ago when inflation was higher. The further increase in the budget deficit has taken place notwithstanding increasingly anxious warnings from the Reserve Bank of India (the central bank) over the potential inflationary consequences and the dangers of crowding out private sector fund raising in the capital markets. Mr P.K. Salve, the chairman of the Ninth Finance commission and hence the official in charge of financial allocations to the states, went even further recently, warning of the risk of "fiscal collapse" – a euphemism for bankruptcy – if present trends of rising government indebtedness were not reversed.

Net interest payments will this year absorb 21 per cent of central government tax receipts – or twice as much as four years ago. Prime Minister Rajiv Gandhi and the Congress party are preparing to launch a new poverty alleviation programme in advance of the general elections, despite the worsening budget position. The poverty programme would provide free lunch time meals for children, and two saris for women at a cost of Rs30bn a year. Fresh taxes on imports and a new tax on income are among proposals being discussed within the Government for financing the programme.

Malaysian PM goes into hospital

By Wong Sulong in Kuala Lumpur

DR Mahathir Mohamad, the Malaysian Prime Minister, was admitted to hospital early yesterday after complaining about "chest pains."

A team of cardiologists is attending to the 63-year-old Malaysian leader, who was said to be "stable and satisfactory."

All appointments for him for the next few days have been cancelled, including a meeting with Mr Chatichai Choonhaven, the visiting Thai Prime Minister.

Dr Mahathir was also scheduled to open the first meeting of the newly created national economic consultative council today.

He came to power in July 1981, and in the past three years, has been engaged in a bruising and unresolved leadership battle with his opponents within the ruling United Malays National Organisation.

Afghan rebels in last-ditch bid for accord

By Christina Lamb in Islamabad

THE LEADERS of the seven Pakistan-based Afghan resistance parties are holding last ditch meetings to overcome their differences and agree upon convening a *shura* (assembly) on February 1 to select an interim government.

Two of the leaders have returned from Iran where they have been meeting leaders of the predominantly Shia Iran-based resistance alliance in an attempt to come to some agreement over Shia representation within the *shura*.

The Shias claim they represent 25 per cent of the population and thus merit a quarter of the places. The Sunni-dominated Peshawar alliance argues that the Shias make up just 8 per cent of the population and have offered them 60 places in the 480 member *shura*. Several leaders are against giving seats on the basis of religion including Maulvi Younus Khalis, one of the most conservative leaders, who says that the next *jihad* (holy war) should be against the Shias.

Each party has prepared a list of 60 names which are expected to include "good Muslims" from the Kabul regime who are not members of the ruling Soviet-backed People's Democratic Party (PDPA) though the alliance has yet to discuss these names. About half of the nominees will be commanders and the rest would comprise intellectuals, tribal leaders and religious scholars.

With half the seats the Mujahideen commanders will play a crucial role in proceedings, though some of the most famous such as Ahmat Shah Massoud of Panjshir are unlikely to down arms to attend. Their absence as well as that of the ex-king Zahir Shah, whose life has been threatened by three of the radical leaders if he returns, will deprive the *shura* of its claims to be representative.

Fundamentalist leader Gulbuddin Hekmatyar says "all those nominated will be expected to toe the party line" and with four radical parties compared to the three moderates the fundamentalists are likely to get their way in the *shura*. Western diplomats in Islamabad note "the *shura* will be no more representative than the alliance if all it does is entrench the fundamentalists."

During the second round of peace talks between the Soviet Union and Mujahideen leaders in Islamabad on January 7, Mr Yuli Vorontsov, the chief Soviet negotiator described the *shura* as a positive proposal. However he insisted the PDPA must also be included – a suggestion the resistance has rejected.

Last week Professor Sibghatullah Mujadiddi, head of the resistance alliance announced that because of the Soviet insistence on a role for the communists, there was no point in further talks. However other leaders have since admitted the possibility. Professor Burhanuddin Rabbani, another fundamentalist leader says "the Mujahideen will never close the door on negotiations."

The Pakistani Foreign Office said the dialogue between Moscow and the Mujahideen was "not entirely deadlocked" and added that Pakistan expected Moscow to respond positively to the inclusion of good Muslims from the regime in the *shura* and perhaps resume talks after the it meets. "It is up to both sides to compromise," the ministry said.

Despite Pakistan's efforts for a political solution the chances of compromise between the two sides seem unlikely. Both Mr Vorontsov and Mr Eduard Shevardnadze, the Soviet Foreign Minister, who recently paid a surprise trip to Kabul, have made statements saying that Moscow would continue to support the regime after the withdrawal is complete.

Western diplomats in Islamabad say "there are still no signs that the Russians are ready to drop the PDPA and the continued supply of goods and ammunition seems to bear out the official line that they will go on supporting the regime."

NZ economic cheer

THE New Zealand Government had its second new year economic boost in two days with the news that the balance of payments deficit has been cut to the lowest level for seven years, Dai Hayward reports from Wellington.

The NZ$ 797m deficit is a dramatic improvement on the NZ$3bn of June 1986. The lower deficit has been helped by higher world prices for wool, aluminium and dairy products.

Growth of Ghanaian economy exceeds 6%

By William Keeling in Accra

THE growth rate of the Ghanaian economy exceeded 6 per cent in real terms in 1988, marking the fifth successive year of expansion under a structural adjustment programme backed by the International Monetary Fund (IMF) and the World Bank.

Announcing the news in the annual budget, Dr Kwesi Botchwey, Minister of Finance, forecast GDP growth at 5 per cent this year, with inflation running at 15 per cent, down 10 per cent from the 1988 level. The minister reaffirmed the government's target of 5 per cent inflation by 1991.

Dr Botchwey said that the country's recovery remained vulnerable to fluctuations in world commodity prices. The economy remains heavily dependent on cocoa, which accounts for 50 per cent of foreign exchange earnings. Cocoa exports were worth $495m (£275m) in 1987, but weak prices saw earnings fall by $100m last year, the minister said.

Dr Botchwey stressed the government's continuing commitment to the adjustment programme launched in 1983. It has included a series of devaluations of the Ghanaian cedi, cuts in government spending, increased agricultural producer prices, and a privatisation programme. The import licensing system has been gradually dismantled, and the minister announced the abolition of the remaining restrictions.

Officials from the World Bank, the country's leading donor, express cautious optimism about Ghana's capacity to sustain its economic recovery, but remain concerned about the high debt service ratio.

In 1988, over 70 per cent of export earnings went to debt servicing. Debt commitments will remain a burden this year despite what Dr Botchwey termed a significant respite due to easier terms obtained from the IMF.

Sick Philippine economy taken off the critical list

Confidence is returning, but Manila is still dependent on transfusions of cash, says Richard Gourlay

AFTER 18 months of political stability the Philippine economy, for years the invalid of Asia, is looking distinctly chirpy.

International doctors remain huddled around the patient's bed overseeing essential transfusions of cash. But there is a renewal of the confidence that had drained away by the time President Ferdinand Marcos was driven into exile in 1986.

Few analysts believe the Philippines has yet found the right prescription to become a newly industrialised country or even another Thailand, currently the favoured destination of Asian investors.

But the Philippines has swapped terminal illness for a set of more manageable problems.

These include shortages of goods ranging from cement to beer bottles and most seriously, a lack of power generating capacity that may well be felt from as early as the end of this year. And while exports increased by more than 20 per cent in 1988, imports were sucked in even faster, adding to pressure on the balance of payments.

Businessmen in the Philippines appear convinced that last year's 6.7 per cent growth in GDP will bring only short term problems. A particularly active construction boom, for example, has more than doubled land prices in parts of Manila. Investors appear equally sanguine about the biggest and most immediate threat to continued growth: the country's $28.9bn international debt.

Although debt servicing is falling as a percentage of GDP, it still drains 37 per cent of the country's foreign exchange receipts and 45 per cent of the national budget. The Senate has approved a bill calling for annual debt service to be capped at 20 per cent of export earnings, but Philippine officials are confident that debt capping is losing favour. In its present mood the House of Representatives is unlikely to pass any bill that will tie the hands of Mr Jose Fernandez, the Central Bank governor, or Mr Vicente Jayme, the Finance Secretary in their negotiations with the International Monetary Fund and commercial banks for new money.

The forces of moderation in the Philippines have been strengthened by Peru's return to talks with the IMF after three years of limiting debt service, and by signals from George Bush, US President-elect indicating that the US will review its Third World debt strategy.

But Mr Gary Teves, a moderate Congressman has told Mr Fernandez that support in the House for the administration may evaporate should the finance team fail to fill the financing gap in the balance of payments by raising new money from the IMF, commercial banks and bilateral and multilateral aid agencies.

Although talks with the IMF

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broke down last month, a wide range of bankers, Philippine officials, and economists think an agreement is almost inevitable when the talks resume.

First, failure to agree would almost certainly see the current moderate team of Philippine negotiators replaced or augmented by advocates of debt service capping. Second, all the other negotiations hinge on the Fund giving its blessing to Philippine policies by signing its $900m three year Extended Fund Facility. The country's largest donor, Japan, is applying additional pressure by freezing some aid until a new IMF agreement is sure to be signed.

Agreement with the IMF would also reopen negotiations with commercial bankers who are being asked for up to $1.6bn in new money. It would lead to more rescheduling of debts to the Paris Club of official creditors, on which the country is now technically in default. And it would also allow discussion to begin in earnest, chiefly with the US and Japan, on a multilateral recovery plan for the Philippines similar to the Marshall plan that relaunched post-war Europe, Mr Jayme says. This could be worth $5bn over five years to Manila.

With an IMF agreement in place, exports are likely to increase, but so are imports. The two largest export categories, electronics and garments, both increased 23 per cent in the first ten months of 1988 with some signs that the local value added content is rising, government figures show.

Imports of consumer goods have risen, although from a low base, but the most significant rises have been in raw materials and agricultural and textile machinery. The figures back up a number of government indicators that show investment picked up substantially last year, mainly through expansion of existing capacity rather than through new projects.

If private sector health seems to be blooming, there are still major problems in public finance. The IMF talks broke down in December partly because the Fund wanted to limit government non-capital spending, after revenues fell 12 per cent short of target. While a corresponding 10 per cent shortfall in government spending reduced the budget deficit to around $795m in 1988, inadvertently keeping inflation below 10 per cent, the government's inability to spend its revenue and available aid is a growing problem.

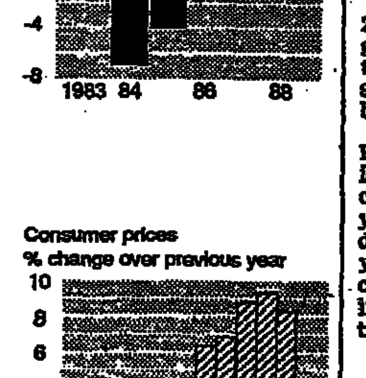
The government has launched a renewed effort to improve tax collection. But there is less progress in cutting the $3.8bn of committed aid that remains unused because Manila cannot agree projects or programmes quickly enough. Philippine bureaucrats do not compare with Thai or South Korean planners who have directed their countries so successfully, so this disbursement record is unlikely to improve, some observers say. This will in turn supply the commercial banks with ammunition to claim that the country needs less new money from them.

Whether the lively private sector can overcome shortcomings of the public sector and sustain a third year of growth depends mostly on factors beyond Filipino control. Any of the following could upset the momentum: falls in copper and coconut product prices, higher oil prices, a shock to the US economy (which takes 36 per cent of Filipino exports and more than 60 per cent of its garments), or lower dollar remittances from Filipinos overseas – who remain the country's largest net foreign exchange earners.

Ultimately, if the patient is to leave what is a precarious convalescence, the cure is unlikely to be custom built for the Philippines. A more likely remedy would be a general debt relief scheme sponsored by the US.

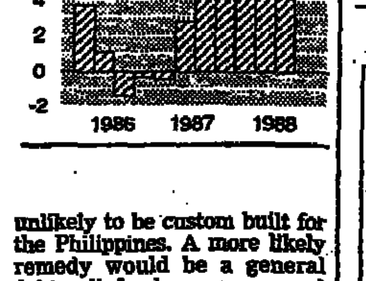
Philippines

GNP % change over previous year 1980 prices



Consumer prices

% change over previous year



Slower growth forecast for Zimbabwe economy

By Tony Hawkins in Harare

ZIMBABWE'S leading banking group, Standard Chartered, today forecasts continued but slower growth in the Zimbabwe economy this year.

In its Zimbabwe Economic Bulletin, the bank says growth is likely to slow from 6.5 per cent in 1988 to 4 per cent this year. It attributes the slowdown to the fact that last year's 20 per cent surge in agricultural production and major improvement in the terms of trade will not be repeated.

The bank warns that the poor rains so far this year are likely to halve the agricultural growth rate. Since the review was written, the situation has deteriorated further, suggesting there will be little agricultural expansion in 1989.

But a powerful follow-through from 1988, reflected in strong order books, buoyant metal prices on world markets, higher investment and better prices for tobacco exports, should ensure strong growth during the first half of 1989.

YOU CAN SEE WHY OUR PROFITS ARE UP. YOU JUST HAVE TO READ OUR STATEMENT.

For the full picture, read both.

Read our annual statement of profits, and our perennial statement of principles.

First, the results for the twelve months to October 31st 1988, as announced by First National's Chairman, Richard Langdon.

"We are pleased to report very satisfactory progress making 1988 another record year.

"Profits before tax at £68.7 million are up by 29% compared with the previous year.

"The current results include a proportionately higher provision for taxation than last year due to a lesser effect of currently available tax losses against increased profits.

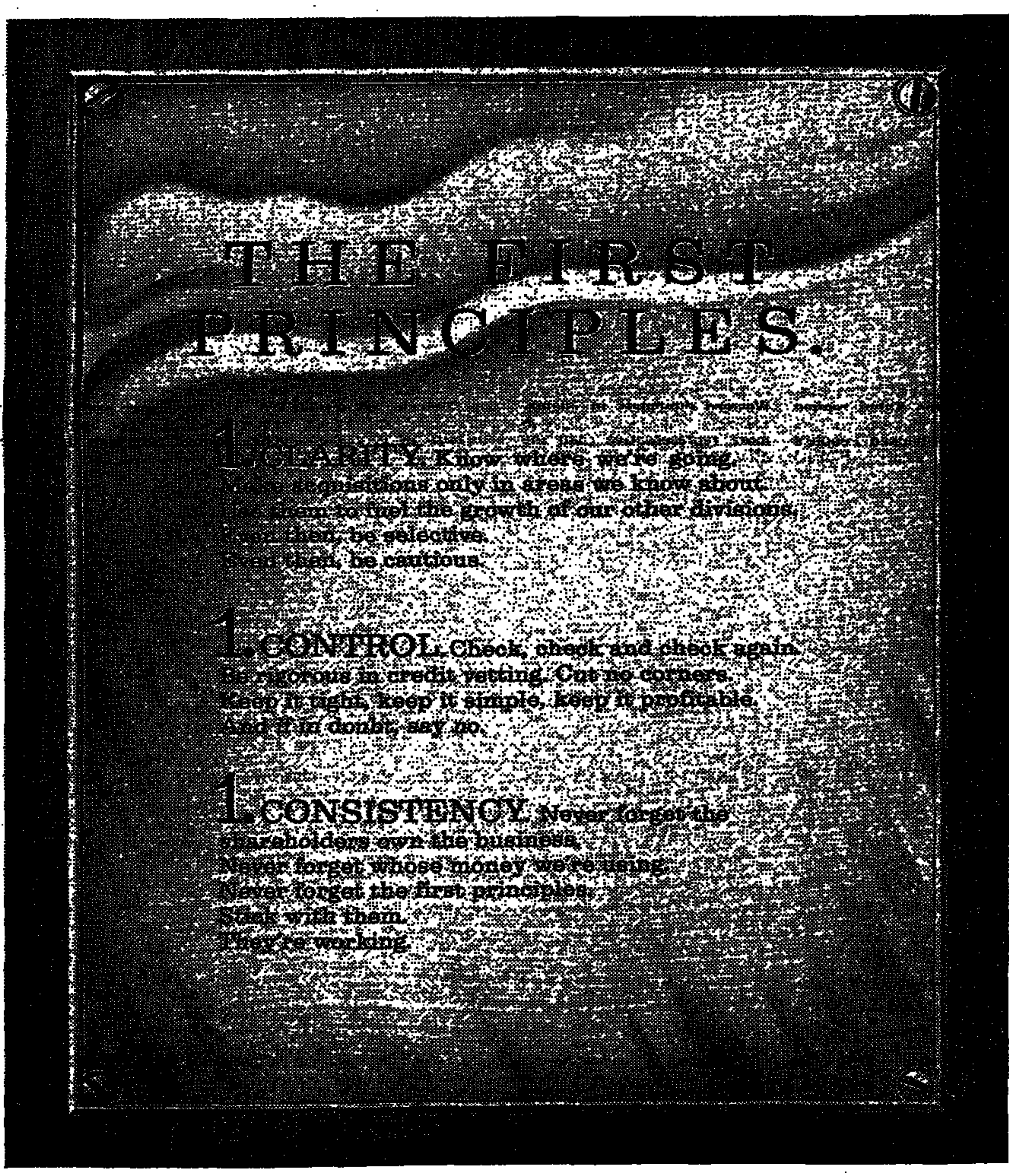
"Earnings per share at 35.2p are up by 14% compared with the previous year, after allowing for the increased effect of the tax charge this year.

"Having regard to the Company's consistent profit growth over a number of years and its substantial shareholders' funds, we consider that it would now be appropriate to allocate a higher proportion of available profits in dividends to shareholders, whilst maintaining adequate cover. We are therefore recommending a final dividend net of tax credit of 8.0p per share making a total of 11.5p per share for the year.

"This is 31% higher than the total for last year.

"Earning assets at the year end total over £1,300 million compared with £1,000 million at the end of last year and we expect further prudent growth in 1989".

This 29% rise is the fifth large increase in a row. In a supposedly unpredictable world, what accounts for such predictability? Is it luck, or is it judgement?



Our "First Principles" embody the answer. A précis of what analysts mean by the abstract phrase "strong management", they represent qualities which will increasingly be valued as less experienced competitors seek to enter the consumer credit market.

This is currently our largest business, and its health relies on the way in which our central principle "be rigorous in credit vetting" is put into practice.

We have more than 300,000 borrowers, all of whom are home owners. In assessing the prospective customer's ability to repay the loan, we spend three times the industry average. As a result we have an enviably low bad debt record.

But not all our business is in consumer credit. Over a third of our profits come from commercial lending and property development.

In addition variable-rate lending protects First National from rises in interest rates.

It is our growing strength which has permitted us to increase the dividend, allowing our shareholders to enjoy more of the success they have helped to build.

That, too, seems a worthwhile principle.

FIRST NATIONAL

AMERICAN NEWS

Central America 'is US policy priority'

By Peter Riddell in Washington

CENTRAL AMERICA is the most urgent foreign policy problem facing the incoming Bush Administration, Mr James Baker, US Secretary of State designate, said yesterday.

On the second day of his confirmation hearings by the Senate Foreign Relations Committee, Mr Baker underlined the priority which the administration taking office tomorrow attaches to the economic and political problems of Central and South America.

He said: "I don't see an issue coming up quicker than Central America. It's right on our doorstep. When we take office it's extremely important that the executive and the legislature get together to produce a unified approach. Problems are multiplying there."

Mr Baker, a former US Treasury Secretary, also advocated voluntary debt reduction programmes, including the buyback and repurchase of borrowings along the lines pioneered by Mexico and Bolivia. He noted favourably the zero coupon bond launched by the US Treasury.

He argued that such voluntary debt reductions needed to be considered carefully in the light of these countries' continuing need for capital, which should not be cut off. The leadership on debt within the administration would, he said, lie mainly with the Treasury.

Mr Baker maintained his usual unruffled assurance during questions which ranged from whether the State Department should have full-time psychiatric assistance to the diplomatic status of San Marino, about which he admitted unfamiliarity.

Questioned about a possible invitation to Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, to address the conference of Arab Americans in Washington this April, Mr Baker said no decision had been taken about granting a visa because no application had been made.

However, he drew a distinction between such a speech to a conference in Washington and the address to the United Nations at the end of last year, for which the House refused Mr Arafat a visa.

A number of Republican senators expressed concern about possible violations of the 1988 Intermediate Nuclear Forces treaty by the Soviet Union. They said the Soviet Union had failed to agree to the X-raying by the US of all items limited by the treaty. Mr Baker said this was the first time he had heard of any outstanding violations. He said that the verification commission had looked at three issues of alleged violations, but all had been corrected.

Baker: unruffled

Colombian warning over rescheduling

By Norma Cohen

COLOMBIA has indicated to its commercial creditor banks that it might be forced into a debt rescheduling if it does not receive the full $1.7bn sought in a refinancing loan package.

The country is one of only two Latin American nations not to have rescheduled since the debt crisis began in 1982. Although under pressure to reschedule, the Government is trying hard to avoid this, arguing the need to maintain access to voluntary lending.

The structure of the new loan recognises, however, that Colombia's access to voluntary lending is illusory. A $1bn loan signed in January 1988 took seven months to complete, and even then, so many banks refused to extend funds that the country's main lenders were forced to make up the shortfall.

Ironically, Colombia has followed the framework laid out in the 1985 Baker Plan that has been at the heart of all debt rescheduling.

It calls for debtor nations to carry out often painful economic adjustment and to continue to service debts. They would be rewarded with fresh loans and allowed eventually to return to the voluntary markets.

Although Colombia's foreign bank debt – $6bn of a total foreign debt of $18bn – is comparatively small, avoiding a rescheduling is seen as important to the future success of debt negotiation. The risk, bankers argue, is that if Colombia is pushed into a rescheduling there is no incentive for other debtors to make painful adjustments or to try to return to voluntary lending.

The new loan package contains a carrot in the form of specific rewards for those banks which put up more than their fair share of fresh funds and a stick in the implied threat to reschedule. Colombia, for the first time, announced it would delay principal repayments, due in the first quarter.

Meanwhile, banks have implicitly recognised the reluctance of smaller institutions to put up fresh funds. The loan consists of a syndicated 12½-year-term portion totalling $1.525bn to which banks will be expected to contribute based on their existing Colombian exposure. Margins are ⅞ percentage point over Libor and there is a six-year grace period.

There is also an eight-year registered floating rate note totalling about $175m to which the consultative bank group and certain other banks – new lenders or those which have contributed their full share of the syndicated loan – may contribute.

Terms are much more generous, with the margin set at 150 basis points over Libor, a five-year grace period and the possibility that the note may be sold at or near par to another bank.

However, the consultative banks have made it clear that they will not "top up" the syndicated portion, so that rescheduling becomes increasingly likely unless all banks participate.

Bogota chafes under debt burden

Prompt repayment is becoming unpopular, says Sarita Kendall

STEADY economic growth and annual inflation rates under 30 per cent are exceptional in Latin America. A country which has avoided debt rescheduling through careful management is positively exotic.

But despite all the good conduct marks that Colombia should have notched up for this remarkable record, it has not been easy negotiating rollover agreements with foreign creditors. So much so that the government's policy of ensuring prompt repayment has become politically unpopular; not only opposition Conservatives, but also members of President Virgilio Barco's Liberal party are saying that the country would do better to reschedule.

The latest in the series of three agreements (dubbed the Jumbo, the Concorde and the Challenger) with the commercial banks brings better terms and carries Colombia through 1989-90, when debt servicing peaks. Both foreign and local bankers are confident that the $1.7bn loan negotiated with the steering committee will be subscribed; if not, Congress has already given the presidency special powers for rescheduling arrangements.

Colombia had to stick to rigorous International Monetary Fund monitoring as part of the 1985 Jumbo terms, and managed to pull out of a difficult situation. The Concorde, signed at the beginning of last year, for a further $1bn, did not include such conditions.

The government started with the figure of $1.85bn for the Challenger, on the grounds that this was equivalent to the amortization due to the commercial banks in 1989 and 1990. However, the Colombian team finally settled for a $1.5bn syndicated loan and $200m in bonds.

The steering committee agreed to put off amortization payments of about $300m until the end of the first quarter of 1989 – or longer if the Challenger has not been finalised. Colombia may also buy back some of its debt, currently quoted at about 60 per cent, but is not likely to try debt for equity swaps.

Foreign bankers in Bogota are very conscious of Colombia's record on debt and its positive growth. Unfortunately head offices tend to lump the country in with the rest of the region and are influenced by the existence of the drug problem, guerrilla activity and the high level of violence.

The government's critics meanwhile argue that, if there is no fresh credit to be had anyway, rescheduling would at least reduce financial pressure and allow greater public investment in special programmes.

Less than half of Colombia's $16.5bn debt is in the hands of commercial banks. Capital repayments by the public sector in 1989 will top $2bn of which just over $1bn goes to the banks. In 1992 these figures will drop to $1.7bn and $850m respectively. Total debt servicing is expected to reach 45 per cent of current account income this year, and then decrease. As one European banker put it, "Colombia can already see the light."

In the last 10 years, economic growth has only twice fallen below the population growth rate, and never below 0.9 per cent. Last year's figure was about 4 per cent, and this year both the government and the private sector are forecasting 4.5 per cent. Inflation, which crept over 28 per cent in 1988, is the finance minister's chief headache. Although wage increases have been kept down to 35 per cent and 27 per cent in the public and private sectors, the 24 per cent inflation forecast for 1989 seems optimistic.

Estimates of drug income filtering back into Colombia have fallen under $1bn, and go as low as $500m – which means that cocaine and marijuana contribute less than 15 per cent of export earnings. On the other hand, economic terrorism has had a significant effect on exports of oil and bananas.

Coffee now contributes less than a third of export earnings, while oil and coal did not bring in as much as expected last year. But this was offset by a 20 per cent growth in other exports: diversification has helped create new jobs in clothing, leather and agro-industries, bringing unemployment down to 10 per cent. During 1988 international reserves rose by more than $300m to $3.8bn – about 10 months' worth of imports.

All these figures suggest that Colombia is in a strong economic position. But discussion about rescheduling also reflects political and social concerns. While the government exercises cautious management and keeps the accounts in order, wage earners are losing ground. The unemployment rate has dropped, but so has the proportion of people seeking work.

The government has boosted anti-poverty and special rehabilitation programmes in violence-affected regions – but defence spending has increased to include purchases such as Kfir fighter planes. Even some high-placed military figures consider these inappropriate, given that the army badly needs boots, ammunition and rations. The fact that nearly half the public foreign debt is concentrated in coal, oil and electricity companies also needs evaluating, says the rescheduling lobby. However, rescheduling if it comes, is more likely to be for reasons outside the government's control than the result of domestic debate.

COLOMBIA – THE BURDEN OF DEBT

	1982	1983	1984	1985	1986	1987	1988*
Inflation (%)	24.5	19.8	16.1	24.0	18.9	23.3	28.5
GDP (%)	0.9	1.6	3.4	3.1	5.1	5.4	4.0
Debt ($bn)	n/a	11.41	12.27	14.03	14.67	15.31	16.50
Debt service	1.1	1.24	1.3	1.6	2.1	2.6	n/a
Debt/exports (%)	n/a	260	260	290	240	260	260
Interest/exports (%)	n/a	23	25	27	19	21	21

* estimate n/a: not available

Sources: EIU, World Bank, Libra Bank

US industry's surge in investment sucks in imports

Anthony Harris on the bad trade figures

THE MARKET forecasters were partly right, but largely for the wrong reasons. US imports did indeed rise sharply in November, equalling the previous peaks seen in June and August; and exports remained stuck in the groove they have occupied since the summer. But consumer demand for imported goods was a relatively minor factor.

The main reason for the bad trade figures, and for import growth throughout 1988, was the same as in the UK: the boom in industrial investment.

American industry bought more than 11 per cent more plant and machinery in 1988 than in the previous year, and the domestic engineering industry, after some lean years in the mid-1980s, was unable to meet demand. Imports of capital goods up to November were 20 per cent up on the same months in 1987, and accounted for a third of the whole increase in imports for the year. The investment boom is now tapering off sharply.

The consumer market is rather harder to read. Imports for the year, apart from cars, are up about 7 per cent on 1987, about in line with the rise in consumer spending. Car imports, which did much of the damage in earlier years, are only about 4 per cent up.

There is a catch, though. It seems clear much of the large inventories rise at the end of 1987 – so abnormal it led the Federal Reserve to fear an immediate inventory recession – consisted of imports. This overhang stopped import growth in its tracks in the first half of the year.

The stagnation of exports in the second half has inspired a great deal of analytic gloom, but this may be overdone. It is stagnation at a very high level: exports up to November were 27 per cent higher than in the same months in 1987, and this kind of growth rate never looked sustainable.

The farm sector provides a wry footnote. Output was decimated by the drought: but exports of foods and beverages were up a full 33 per cent. This suggests earnings are almost drought-proof, since prices have risen more than enough to compensate for lost volume.

Volume will probably drop much more sharply in 1989 if output does not recover, because grain stocks were run down sharply this year, but only this week a report that the drought has depressed winter wheat prospects drove prices up another notch. US trade prospects still depend heavily on the farms.

US industrial production rose 0.3 per cent in December, down from 0.4 per cent in November, the Federal Reserve said yesterday. In the final quarter of 1988 growth was at an annual rate of 4 per cent, down from 7 per cent. Most of the recent strength has been in cars and other consumer durables.

Growth in business equipment, a boom sector earlier in the year, slowed to 0.3 per cent in December, mainly because of weakness in computers and electronics. The slowdown is seen as as reassuring by financial markets, which had feared rising inflationary pressure.

Brazil misses debt payment

BRAZIL failed yesterday to make a $500m interest payment due this week to commercial banks to meet commitments under a $62.5bn rescheduling agreement signed last year, writes Ivo Dawnay in Rio de Janeiro.

Mr Mailson da Nóbrega, Brazilian Finance Minister, said this was because of problems with the central bank computer and insisted the payment would be made within a week.

The move caused concern among foreign bankers, who are receiving confusing signals about a possible suspension of debt repayments. However, Mr da Nóbrega has said suspension would take place only if there were balance of payments problems and in collaboration with creditors.

Although the explanation was widely accepted, some bankers still considered the delay political.

WORLD TRADE NEWS

Ice cream row jolts Canada free trade pact

By David Owen in Toronto

A MINOR TRADE complaint initiated recently by a UK-controlled food company could have serious ramifications for Canada's agricultural marketing board system.

The boards control Canadian markets for eggs, chickens, turkeys and dairy products by managing supply. To ensure their effectiveness, strict controls are placed on imports of the commodities in question.

The current complaint originated with Pillsbury, the Minneapolis food and restaurant group recently acquired by Grand Metropolitan of the UK. The company is unhappy about Canadian controls on the import of ice cream, which have been in place since January 1988. Last year, Canada allowed less than C$1m (£474,000) of foreign ice cream to be imported.

Pillsbury is the maker of Haagen-Dazs, a luxury ice cream which has established a significant niche in the C$500m-a-year Canadian ice cream market.

Hitherto, the product has been marketed in Canada in pint pots and manufactured domestically under licence.

Last autumn, the company decided to attempt to build on its initial success by test marketing its ice cream bars in the Canadian market.

It applied to Ottawa for permission to import products for these purposes from its US plants, intending – the company says – to decide on a site for future commercial production at a later date, if the test proved successful.

The application, however, was turned down. This prompted Pillsbury to contact the US Trade Representative's office in Washington. The office in turn lodged a complaint with the General Agreement on Tariffs and Trade (Gatt) in Geneva.

The case has attained its broader significance because of the terms in which the complaint has been couched. Ice cream, the argument runs, should not be included on the Gatt-approved Canadian import control list because it is a processed food and not a dairy product.

If the argument is judged to hold water, it may pave the way for controls to be lifted on other processed products on similar grounds. Items currently included on the import control list include cheese, yoghurt and various poultry products.

Clearly, if too big an import window is opened, the marketing board system could become untenable.

Even if the complaint is disallowed, the marketing boards may still be imperilled. Canadian processed food producers are expected to mount considerable pressure to have them dismantled.

In the past, tariffs of between 5 and 17.5 per cent levied by Canada on processed food imports not subject to non-tariff barriers have compensated for this disadvantage. These tariffs, however, are being phased out over 10 years under the terms of the US-Canada free trade agreement.

EC deal on alcoholic drinks

THE EUROPEAN Commission yesterday announced details of a new bilateral trade agreement with Canada which removes much of the discrimination against imported European alcoholic drinks.

The deal follows the findings almost two years ago of a General Agreement on Tariffs and Trade (Gatt) panel criticising mark-up differentials and access to provincial marketing agency, or "Liquor Board", lists and points of sale.

The draft agreement (yet to be formally adopted by the member-states) provides for immediate elimination of all discrimination in the spirits sector, and elimination of almost all listing and distribution discrimination in the wine sector.

It also provides for elimination of discriminatory markups in wine immediately in five provinces, and over seven to 10 years for all other provinces. Access to beer listings would be dealt with province by province.

Dunkel wins backing for bid to end Gatt impasse

By William Dullforce in Geneva

MR Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, yesterday won crucial backing in his efforts to resolve the impasse in trade talks left over from the trade ministers' meeting in Montreal in December.

Some 20 key countries accepted a schedule for discussions on the four outstanding items, including the vital agricultural issue, which Mr Dunkel will submit to a meeting of all heads of delegations to Gatt tomorrow.

His schedule will start with informal discussions among key players on textiles on January 24, to be followed by similar informal talks on the safeguards issue on January 31 and two meetings on intellectual property rights on February 2 and February 6.

Discussions on the core agricultural issue will start on February 13 and are set to last three days. All these meetings will be held in Geneva.

In Montreal, the trade ministers handed Gatt's chief executive the job of resolving by April the dispute over agriculture between the European Community and the US, which threatens to halt Gatt's Uruguay Round.

The Latin American countries with wide support from other Third World members have refused to allow negotiating groups in the 11 other trade areas to resume work, before the blockage over agriculture has been removed.

Mr Dunkel won support for his approach last week from Brussels, where he met Mr Jacques Delors, President of the EC Commission, and Mr Frans Andriessen, the new Trade Commissioner.

On Tuesday, he won backing from Mr Clayton Yeutter, US Trade Representative, now due to take over the agriculture portfolio in the Bush administration.

Earlier the US had been insisting that negotiations on the 11 subjects on which agreement was reached in Montreal should continue normally.

Mr Michael Samuels, Deputy US Trade Negotiator, said the US was pleased with the direction Mr Dunkel was taking.

Britain places big US coal order

By Gerard McCloskey

BRITAIN'S Central Electricity Generating Board (CEGB) has ordered 500,000 tonnes of US coal to be despatched in the next financial year.

The order, from two US producers, lifts likely imports to 1.7m tonnes and makes Shell Coal International – one of the two suppliers – Britain's biggest source of coal imports. The other supplier is Hawley Fuels.

Until 1987, the CEGB took just 1m tonnes in imports annually. This current order, on top of three long-term contracts for a combined 1.2m tonnes for Colombian, Chinese and Australian coal, could conceivably lift imports beyond 2m tonnes for the first time.

The bulk of this financial year's deliveries of Chinese coal is not expected to arrive and could be deferred into 1989-90. For most of this decade, the board has issued a tender each summer, and it indicated before Christmas that it may in addition, be considering an early tender for supplies from traders offering US coal only.

The prices for the current order, thought to be around $44 delivered to a continental port, are not typical of today's market. None the less, they are well over $10 higher than the current year's contract price for superior quality Colombian and Chinese coal.

The market has tightened steadily over the past 18 months, and the prospect is for ever higher prices as this year progresses.

The arrival of this coal will overlap the first months of the CEGB's privatised successors – PowerGen and National Power – and cargoes will be allocated to each in the first three months of 1990.

A further expansion of imports is likely from next year, with 5m tonnes a year being the lowest CEGB estimate for 1990-91.

What is most significant about the current order is that the buyer has included Gladstone Dock in Liverpool as an option for discharging vessels directly from the US, rather than reception at Thames power stations after trans-shipment on the Continent.

Landing at Liverpool would give imported coal access to Fiddlers Ferry, Rugely, and Ironbridge power stations, normally supplied from British Coal's central coalfields.

The CEGB has been experimenting for the last year at using a variety of routes for imports, including South Wales, for supplies to Didcot and Aberthaw, as well as watching the development of a series of private proposals for major coal terminals on the Humber and Tees.

It is also considering upgrading the Kingsnorth terminal on the Thames to a 20m-tonne a-year-port.

The award of 250,000 tonnes to Shell comes on top of a 400,000-tonne-three-year contract won by the company for the supply of Australian coal to the CEGB and a similar volume of coal from a variety of sources for the South of Scotland Electricity Board last year.

K.K. Sharma reports from New Delhi: The government-owned Coal India company has signed a contract awarding Metchem Canada orders for capital goods and services worth C$166m (£78m) for the expansion of one of its major opencast mines in Bihar state.

The total project cost is around C$300m and Coal India will handle much of work involved in expanding the Rajmahal mine. The contract given to Metchem will be financed by a package which will be a mixture of concessional and commercial credits to be worked out by Canada's Export Development Corporation.

The contract involves the provision of engineering services, technical assistance and mining and power-supply equipment. When completed, it will enable Coal India to increase the production of the Rajmahal mine from around 5m tonnes a year to 10.5m tonnes.

The higher production will help significantly in meeting the coal requirements of the Farakka and Kahalgaon thermal stations in eastern India.

Metchem expects to complete the work within 66 months after work begins. The Rajmahal coal mine has seven mineable coal seams

Bush faces Monsanto sale poser

By Louise Kehoe in San Francisco

NATIONAL security implications of the proposed sale of Monsanto's silicon wafer business to Huels of West Germany will be among the first issues facing President-elect Bush when he assumes office tomorrow.

Objections have been raised by Defence Department officials and US semiconductor industry representatives who fear increased dependency of the US on foreign suppliers for critical materials.

MEMC (Monsanto Electronic Materials Company) is the only major US-owned producer of silicon wafers, the base material used to fabricate integrated circuit "chips" used in all types of electronic equipment including computers and weapons systems. Several other US-based wafer manufacturers have passed into Japanese and European ownership over the past few years.

The sale of MEMC to Huels has been the subject of a high-level inquiry by the Committee on Foreign Investment in the US, an interagency group formed under the terms of a law passed last year as part of the Trade Bill. The new law gives the President the right to block the sale on national security grounds.

The committee is due to pass a recommendation to the President by Monday. To date, however, no decision has been communicated to the companies, according to Monsanto.

Treasury Department officials said yesterday that the committee's recommendation to the President will remain private. But a majority of committee members are reported to favour approval.

President Bush will have 15 days to decide whether to block the sale. He is not bound by the committee recommendation.

The controversy surrounding the MEMC sale continued yesterday with Congressman James Florio, co-author of the provisions allowing the president to block foreign sales, calling for an inquiry into the ownership of Veba, the West German parent company of Huels.

Peter Marsh adds: Huels said yesterday it intended to combine the Monsanto unit with Huels' existing US electronic-chemicals subsidiary.

The West German company, which is Germany's fifth biggest chemicals group, has in recent years been stepping up its presence in the US. It is also keen to move into new areas of chemicals such as silicon-based materials as a way of diversifying from its base in oil-based substances.

Huels is based in Marl in Germany's industrial Ruhr region. Of its annual sales of about DM9bn (£2.8bn), about $430m is accounted for by products sold in the US.

In 1987 the company made a DM1bn purchase of the chemicals operations of Dynamit Nobel, another German company.

As part of this acquisition, the company purchased a small US-based unit making silicon wafers for electronics applications, a business which would be complemented by the proposed Monsanto acquisition.

Italians gain Iran steel plant order

BELLELI, an Italian plant engineering concern in which the state-owned Ansaldo group is a minority shareholder, has won a L1,000bn ($423m) contract from Iran to build a steel plant, Alan Friedman reports from Milan.

The plant, to be built over the next 33 months, will produce laminated steel products and be located at Mobarakeh near Isfahan.

The contract, although initialled last July, was only unblocked following a two-day visit to Rome this week by Mr Mir Hussein Mousavi, Iran's Prime Minister.

The visit saw Italy and Iran agreeing a compromise on outstanding debts owed to Italy for the construction of the port at Bandar Abbas.

The turnkey contract for Belleli is designed as part of Iran's industrial reconstruction in the wake of its war with Iraq. The deal represents a sizeable portion of the L2,500bn of new contracts signed by Italian companies, but not yet announced.

US steel expects rise in output

By Nancy Dunne in Washington

THE US steel industry is expecting a small increase in output in 1989, after seven years of steep production declines, according to the American Iron and Steel Institute.

Based on a survey of mill intentions, the Institute has issued a preliminary production forecast of 115.9m tonnes, compared to last year's 112m – the low point of the last decade. In 1977, production amounted to 160m tonnes.

The turnaround comes at a time when the industry is pushing for a five-year renewal of voluntary restraint agreements (VRAs) which have been keeping a lid on imports. The VRAs with the major steel-producing countries were negotiated in 1984 and are due to expire in October this year.

The Institute said that the planned production increases are principally the result of upgrading and increased efficiency of existing facilities.

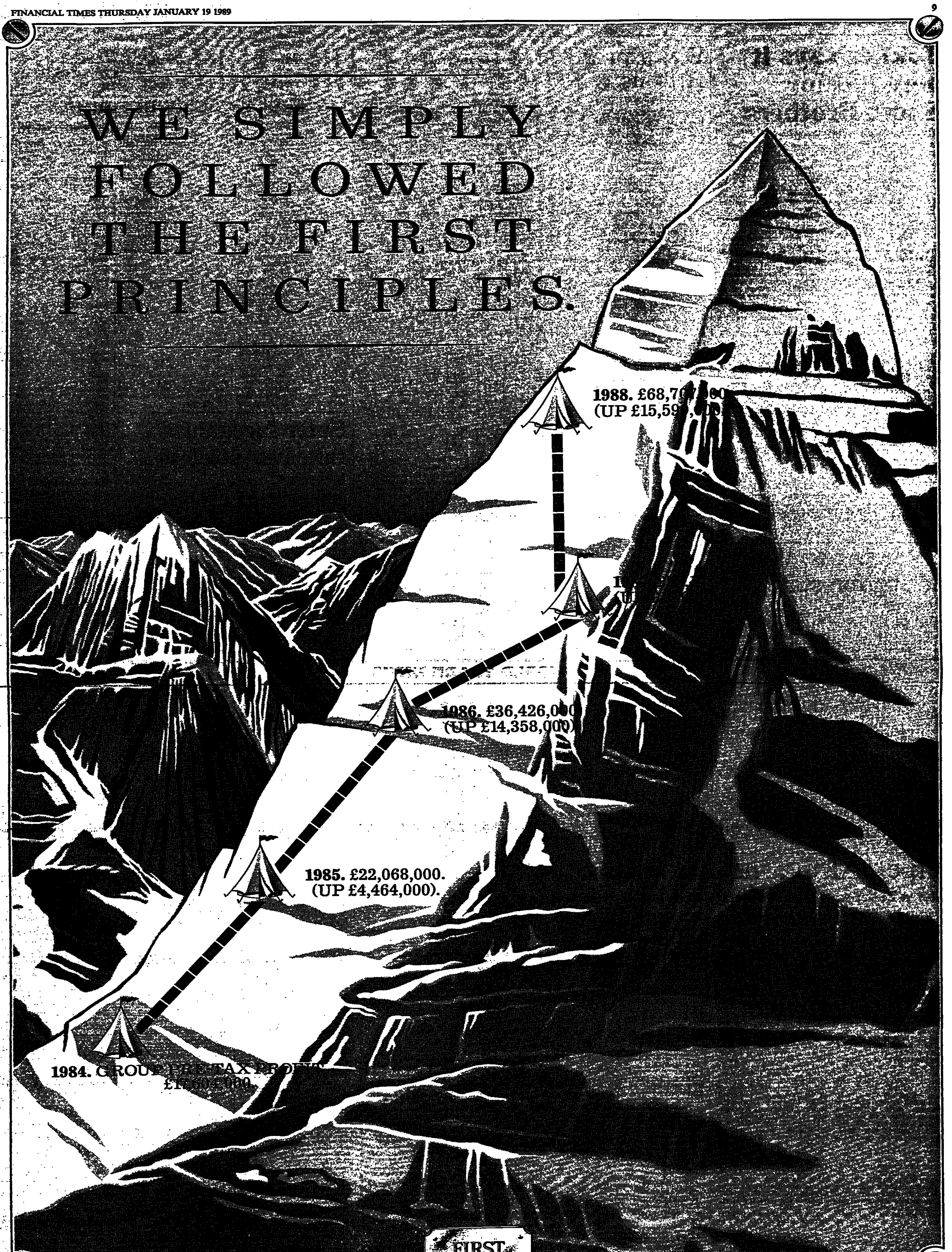
Capital investment of $8bn (£4.4bn) to $9bn over the past decade has increased the yield ratio of finished steel products per tonne of raw metal to 85 per cent, compared with 71.5 per cent 10 years ago.

The industry returned to profitability last year, earning an estimated $1bn in profits. The Institute is forecasting profits at around $2bn this year.

Swiss export risk deficit

THE SWISS EXPORT Risk Guarantee Programme (Erg) recorded a deficit of some SFr400m (£145m) last year, according to provisional figures. This is higher by SFr240m than the 1987 shortfall and brings the total of foreign funds due to Erg up to about SFr1.7bn, John Wicks reports from Zurich.

Last year, the government had to advance first SFr160m and subsequently a further SFr280m to help finance the programme. Erg now owes more than SFr1.6bn to the state in the form of repayable and interest-bearing advances.


WE SIMPLY FOLLOWED THE FIRST PRINCIPLES.
1986. £36,426,000
(UP £14,358,000)
1985. £22,068,000.
(UP £4,464,000).
FIRST NATIONAL

Fokker says it may bid for Short Brothers

By Michael Donne, Aerospace Correspondent

FOKKER, the Dutch aerospace manufacturer undergoing substantial financial reconstruction, has expressed interest in buying Short Brothers, the Belfast-based aerospace group which is being privatised.

Fokker need make no firm offer yet, but must submit preliminary proposals to Kleinwort Benson, the Government's financial advisers, by February 10.

Submissions from Fokker and other interested parties will be studied thereafter and a shortlist of about six drawn up.

Shortlisted candidates will be regarded as serious contenders for Shorts and will receive a detailed prospectus on the company with a request for a formal offer. The date for this has not been announced, but will probably be in March or April.

The Government wants to privatise Short Brothers by the end of this year. It has also accepted the arguments of Mr Rodney Lund, Short Brothers' chairman, that the company must be privatised as a unit, with the purchaser guaranteeing not to break it up and sell off its parts.

The names of other organisations which have expressed interest in Short Brothers have not been revealed, but they are believed to number up to 30 and include GEC in the UK and Messerschmitt-Bölkow-Blohm in West Germany.

Boeing of the US has said it is not interested, but British Aerospace has made no comment.

Short Brothers last week reported an accumulated deficit for the year to March 31 1988, of £142.3m, including provisions for losses on long-term contracts and currency exchanges, in what was widely regarded as a "deck clearing" exercise before privatisation.

Shorts has had close relationships with Fokker for *many years*. It built the wings for the Dutch company's successful F-28 twin-engined short-haul jet and is building the wings for its successor, the Fokker 100 twin-engined jet.

This is part of Short' aerostructures business, in which it builds parts for other companies' aircraft, including for Boeing 747 jets and other Boeing aircraft, and parts for the Rolls-Royce RB-211 engines.

Shorts also has a substantial guided weapons business, building the Starstreak missile for the UK; in military aircraft, building the Tucano basic trainer for the RAF, and in commercial aircraft, building its own design, the Type 360 36-seat twin-turboprop short-haul airliner.

The *company* also plans to develop a 44-seat short-haul twin-engined regional jet, the FJX, which could cost as much as £300m.

Mr Lund, Shorts' chairman, has made it clear that the company regards that programme as vital to continuation of its *aircraft manufacturing* business, ensuring the continuity of employment of several thousand workers in Northern Ireland.

He has said that the Short Brothers board will expect any purchaser to guarantee that venture, probably with some Government *launching* aid.

Short Brothers has discussed collaboration on the FJX with several big European aerospace groups in recent months, including Fokker and MBB of West Germany. No agreements have been reached.

Harland and Wolff 'losing top staff'

By Financial Times Reporter

HARLAND and Wolff, the state-owned Belfast shipyard which the Government intends to privatise, is suffering a serious haemorrhage of skilled staff, Mr John Parker, chairman, told MPs yesterday.

The yard, which employs 3,500 people, *is in the process* of reducing its white collar workforce by 25 per cent – around 400 employees – by April, Mr Parker told the House of Commons trade and industry select committee.

Mr Parker said 25 of the yard's most skilled employees had left the company in the past two months because of low morale caused by the company's lack of shipbuilding orders.

"The most expensive thing is not to have work, and loss of morale depresses current productivity," Mr Parker said.

Mr Parker said that despite the loss of skilled staff Harland *anticipated that shipbuilding* would be a growth industry in the 1990s which would boost the fortunes of the yard. New orders would flow in because "70 per cent of fleets are now over 15 years old."

Mr Parker added: "Above all, we will try to be commercially motivated and will market fairly aggressively when the opportunities *start presenting* themselves."

Harland executives also complained that the Government was starving the yard of work by refusing to approve subsidies from the shipbuilding intervention fund until privatisation negotiations have been completed.

This has already led to the loss of a dredger contract worth £8m. The yard is also not permitted to tender for Ministry of Defence contracts.

No deadline for bids has been set by the Government, but but the only bidders are a proposed management and employee buy-out, and a bid *from executives of London*-based Bulk Transport Shipping.

Dairy produce in retreat as Britons watch their diets

By Alan Pike, Social Affairs Correspondent

EGGS WERE in trouble before salmonella scares and Mrs Edwina Curry, the junior health minister, added to their plight by warning Britain of of the potential hazards of eating them.

Their consumption fell by *one-third* between 1961 and 1987 as part of a widespread *change in* dietary habits by an increasingly health-conscious British nation.

Butter suffered an even more decisive fate – consumption slumped by almost two-thirds over the same period, reaching its lowest post-war level in 1987. And, as part of the same trend, whole milk – the commodity which previous generations just called milk – is on the retreat at the expense of lower-fat alternatives.

Social Trends, the Central Statistical Office's annual *compendium of changes* in the British way of life, has this year introduced a new section on diet. It contains much information to warm the heart of Mrs Curry, who took great interest in such matters when she *was involved in* health issues because of the consequences for other people's hearts.

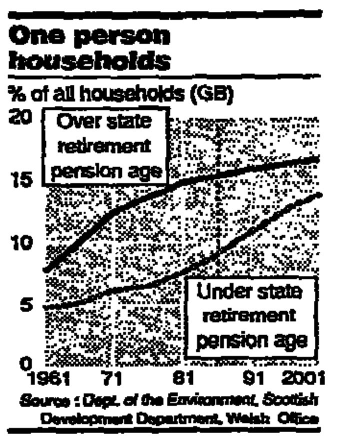
The move towards healthier eating has claimed some notable casualties, none more so that the standard white loaf. This once-glorious British institution had lost its pre-eminence by the early 1980s, and since then has been out-eaten to an increasing extent each year by brown and wholemeal alternatives.

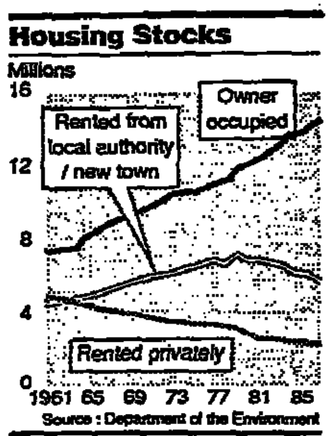
Readers of social trends will be relieved to learn that all this upheaval in the British way of eating things has not been in vain. It has contributed to a 10 per cent reduction in the fat and fatty acid content of the average British diet since 1959.

But it may not be health considerations alone which have led to some of the changes in shopping habits, particularly in the case of the ill-starred egg.

Social Trends plots changes in how long it is necessary to work to earn enough to pay for selected goods and services. By this method of calculation anyone still wanting to buy a standard white sliced loaf would have needed to work only six minutes to fulfil the ambition in 1987, compared with nine minutes in 1971.

Between 1986 and 1987 the length of working time needed to buy most of the commodities in the Social Trends list either fell or remained the same – indicating that earnings were rising faster than prices. The one exception, to which Social Trends has the bad grace to draw attention by name, is the egg. While 14 minutes toil would have bought a dozen of them in 1986, it would have required 15 minutes in 1987.





Decade of growth fed by credit

A VISION of the 1980s as a decade in which growing consumer demands have been met by an explosion in credit is drawn by the survey.

Household expenditure exceeded household income in 1986 and 1987 for the first time since compilation of the information began.

The survey says that household saving as a percentage of disposable income was negative in both years.

That indicates that the total of all households' current expenditure exceeded their disposable income and underlines the effect of credit growth.

In cash terms the amount of outstanding debt rose threefold between 1981 and the middle of last year to reach nearly £40bn.

Part of the explanation for the growth in consumer debt is the increase in use of credit cards. Between 1986 and 1987 the value of spending on those cards increased by 26 per cent to a total of £16.6bn.

The amount of outstanding debt had reached 14 per cent of annual household disposable income at the end of 1987, compared with 8 per cent in 1981.

The substantial growth in consumer credit helped to fuel a growth in retail sales of nearly 30 per cent in real terms between 1981 and 1987.

The fastest growing category of expenditure has been television and video, where spending doubled in real terms between 1976 and 1987. More than half of British homes have at least two television sets.

The only important areas in which expenditure has fallen in real terms during the past 10 years have been tobacco, books and newspapers.

Real household disposable income rose on average by 3 per cent a year between 1981 and 1987, but meanwhile the number of households living on less than half average income was rising as well.

The top 20 per cent of households received 42 per cent of total disposable income in 1986, compared with 38 per cent 10 years earlier.

Over the same 10 years the share of disposal income in the hands of the poorest 20 per cent of households dropped from 7 per cent to 5.9 per cent.

Rising house prices have led to an increasing amount of personal wealth being invested in dwellings – in 1987 almost a third of personal wealth was in homes.

Strong growth sets Treasury on target for debt repayment

By Simon Holberton, Economics Staff

THE TREASURY is set to make a repayment of Government debt in the 1988-89 financial year possibly in excess of £13bn, official figures released yesterday indicate.

The figures show that the Treasury achieved a public sector borrowing requirement surplus of £2.1bn in December. This takes the cumulative surplus for the first nine months of the financial year to £8.1bn.

The December figure was buoyed by the *receipt of* £1.1bn from the sale of British Steel. Excluding the effects of privatisation, the cumulative surplus was £2.1bn compared with deficit of £4.6bn for the same period of the 1987-88 year.

In his Autumn Statement of Government spending plans in November, Mr Nigel Lawson, the Chancellor of the Exchequer, raised his forecast for the PSBR surplus from £3bn to 10bn.

The main reasons for the bigger surplus were a combination of higher than expected growth, which has buoyed the Treasury's coffers, and concomitant lower than forecast social security expenditures.

According to financial analysts, however, the surplus this financial year will exceed the Treasury's published expectations. Company tax is paid this month and, with strong economic growth over the past 18 months, analysts say revenues should be strong.

The Treasury said it had not changed its PSBR forecast. It agreed that tax receipts are high in January, but said that expenditure also tended to be buoyant in March, the last month of the financial year.

The strength of Treasury revenues is underlined by comparing actual revenues with those forecast in last year's budget.

The Treasury forecast 7 per cent growth in customs and excise receipts (mainly value added tax); in the first nine months of the year those receipts were up 11 per cent. Inland Revenue receipts were forecast to rise by 6 per cent; these receipts, excluding oil revenues, were up 8 per cent in the first nine months of the year.

Treasury is expenditure is also ahead, although comparisons are more difficult. Public expenditure was forecast to rise by 5½ per cent this year while supply expenditure is up 4½ per cent.

Suter faces third takeover attempt

By Ray Bashford

SUTER, the industrial holding company headed by Mr David Abell, is facing the possibility of a third takeover attempt in three months.

The *company* announced yesterday that a plan for a management buyout had collapsed and that it had received a request for information "in the context of a possible offer."

The unnamed potential purchaser is a UK publicly listed company and is understood to have a considerably smaller market capitalisation that Suter.

The management buyout plan emerged last month shortly after Thomson T-line allowed its cash and paper offer, which at one stage valued Suter at £312m, to lapse.

The management buyout collapsed because the three directors, Mr Bob Morris, Mr Tony Owen and Mr B.D. Hoare, failed to raise enough money.

The directors were considering a buyout before the Thomson T-Line offer emerged and several other listed companies are known to have examined the possibility of a takeover.

Suter, which grew rapidly under the guidance of Mr Abell from pre-tax profits of £574,000 in 1981 to £26.7m in the year to December 31 1987, ran into problems last year.

Media ownership rules may bar tycoons

By Raymond Snoddy

THE GOVERNMENT plans to *introduce rules to ensure* that British broadcasting will not be dominated by tycoons, international conglomerates or national newspaper proprietors in the coming age of extra television choice.

Mr Douglas Hurd, the Home Secretary, yesterday told a conference in London that the Government would propose *"extensive and effective rules* to prevent concentration of broadcasting ownership and unhealthy cross-media ownership."

Real choice could be undermined and opportunities for *new broadcasters* denied "if British broadcasting were allowed to be *dominated* by a handful of tycoons or international conglomerates," he said.

However, neither the tycoons nor conglomerates were defined or identified.

The Government white paper (policy document) on the future of broadcasting, published last November, has been criticised on the grounds that proposed limits on concentration of power in the media are *neither specific not strong* enough.

There is nothing in the white paper, for instance, specifically forbidding the owner of a national newspaper who is a European Community citizen from bidding for two regional independent television licences in the renamed Channel 3.

Mr Robert Maxwell, the publisher, was quick to claim in a television debate last November he would bid for Central, the Midlands television station, in which he has a 20 per cent stake.

Mr Hurd warned yesterday that there was no loophole for national newspaper owners.

"Many people would be worried that control by a major national newspaper of a regional Channel 3 licensee could result in too powerful and concentrated an influence over the flow of information," he told the conference on future opportunities in broadcasting.

The Home Secretary was even more specific in an interview on BBC Radio when he said: "There will have to be rules preventing someone owning several newspapers, or a big national newspaper and a big television franchise."

In what seems to be a significant change of emphasis on some of the details of government broadcasting policy, Mr Hurd *said he would look* carefully at arguments that no one should be able to control two large regional television franchises – something that would be possible under the white paper proposals.

Mr Hurd conceded that such services would remain particularly *influential* because the airwaves were a scarce national resource.

Piper Alpha inquiry puts offshore industry on trial

Steven Butler says Britain's worst North Sea disaster may have wider implications for oil operators

BRITAIN'S offshore oil industry is going on trial today. While not strictly on the agenda, this is essentially *what will happen when* Lord Cullen, the High Court judge, begins to take evidence in Aberdeen for the public inquiry into the Piper Alpha oil platform disaster. Bearing in mind the public interest, *such a state of affairs is proba*bly inevitable.

The disaster, in which 167 men perished in a fiery inferno on the night of July 6 last year, was the worst offshore oil accident anywhere in the world.

The hearings could *last* for half a year or more. Although *they are expected to get off to a* slow start – with Occidental Petroleum first giving an historical introduction to the Piper Alpha oil platform – they are unlikely to remain dull for long. And their outcome will determine whether Britain's oil industry is faced with an expensive, and possibly onerous, new regula*tory regime to enforce offshore* safety.

The *disaster* was a horrible affair that left deep scars, some physical and some psychological, on its survivors, and the inquiry will provide the opportunity for all those touched by it to tell their side of the story. These include survivors, participants in the emergency services, trade unions, the Department of Energy, representatives of the oil industry and, not least, Occidental Petroleum, *which oper*ated the platform.

*Lord Cullen said in Novem*ber, during a preliminary hear*ing, that the inquiry was not to* be a trial, staged with the intent of finding guilt or innocence, and the hearings would not be allowed to wander aimlessly through a litany of complaints against the offshore *industry. He means to estab*lish the cause of the disaster and recommend steps to prevent another. The Government has promised to accept his recommendations.

In a very real sense, however, *the Department* of Energy, the oil industry, and in particular Occidental Petroleum are on trial.

A preview of this was provided on Monday, when Mr Roger Lyons, assistant general secretary of the *Manufacturing* Science and Finance Union, *alleged that a government cov*er-up over the tragedy had taken place, and that government statistics vastly understated the dangers of working in the oil industry. He called for *Lord Cullen* to broaden the inquiry to a general investigation of North Sea safety.

In the oil industry, Mr Lyons is widely thought to be attempting to advance the interests of his union among workers offshore, where unions are weak. Mr George Band, director-general of the UK Offshore Operators Association has denied some of Mr Lyons' specific charges, and the Department of Energy also disputed the accuracy of Mr Lyons' facts.

The most interesting of the testimony is almost certain to come from *Occidental. It is* plainly hoping that when all the *evidence* is brought into the open, it will be more or less exonerated on its claim that its safety record is fully up to industry standards, and that it was in compliance with all relevant government regulation.

The wrecked Piper Alpha platform marks the North Sea's worst disaster

Most of the oil industry was shocked in July that a disaster on the scale of Piper Alpha was possible. It will undoubtedly be Occidental's argument, at least by implication, that no North Sea operator would have been prepared for the ferocious, unanticipated and rather unlikely chain of explosions and fires that knocked out safety systems and eventually destroyed the platform.

If Occidental *is able to estab*lish such a case, the implications would be not that the company's or the oil industry's attitude toward North Sea safety was slack, but rather that the industry and the Government had not understood all the hazards in their full complexity.

Alternatively there have been suggestions that Occidental's safety standards were *slack. These have been vigor*ously denied by the company, but if substantiated would imply that the Department of Energy, or an independent safety inspectorate, would be required to step up monitoring of the industry, and possibly add new regulations.

Lord Cullen will start the inquiry with much of the spade work already completed by a team of investigators from the *Department of Energy*, which examined the accident's technical causes, and has already issued a set of more narrowly defined recommendations to oil companies.

The investigators found the most likely initial cause of the disaster to lie in the leak of a gas condensate pump which was under repair. Control room workers, who were unaware it was under repair, were believed to have taken steps that activated the pump, *where a temporary seal failed.*

An initial explosion of escaped gas knocked *out* the central control room, opening the way for the improbable chain reaction of events that followed. Automatic deluge pumps had been turned off to protect divers working near intake pumps, and may have in any case have been damaged in the initial blast. As fuel and crude oil on the platform *burned*, pressurised natural gas pipelines many miles long ruptured, *allowing* a huge blowback of natural gas

The Department of Energy's first safety action was to order all North Sea operators *to sub*mit plans for installing emergency shut-off valves that, in the case of Piper Alpha, could have prevented the blowback of gas. The Department is going through a stack of proposals, *but most operators* are believed reluctant to install *subsea* valves, as the Department would ideally prefer, because they do not have confidence in the technology.

In an interim report, the Department highlighted six areas for attention. These *include the permit to work sys*tem, so that supervisory staff are aware of all repair work; automatic initiation of firefighting equipment; operation of lifeboats (some failed to inflate at Piper Alpha); the *security of evacuation routes*; the integrity of emergency systems; and *venting* or other systems that would minimise damage in the event of an explosion.

Occidental is certain to face severe questions about how it managed the platform. Among them will be why a number of key posts were being manned *on the day of the incident by* deputies. This type of manning took place despite the platform operating in an unusual configuration that raised the pressures under which equipment was being run.

Occidental's permit to work system will come under scrutiny, and the company will undoubtedly be called upon to defend the design of its safety systems.

The oil industry is not looking forward to the hearing, because it knows that it will be dragged through the mud. But it is also optimistic that the forum of a public inquiry provides the best chance that a sensible set of recommendations to improve offshore safety can emerge from what is a highly charged atmosphere.

In brief

Protests as Sri Lankan fugitive is detained

ANGRY scenes greeted Mr Douglas Hurd, the Home Secretary, in the House of Commons as he defended yesterday's detention of Mr Viraj Mendis, the Sri Lankan student, pending his deportation tomorrow.

Mr Mendis, who entered Britain in 1973, was served with a deportation order in 1985. He claims that he faces persecution and possible death if he is forced to return to Sri Lanka, but has not succeeded in gaining refugee status.

He was detained in a Manchester church, where he had taken sanctuary for two years, in a combined operation by immigration officers and police.

Independents praised

Britain's dwindling band of independent oil companies has been praised by the House of Commons Energy Committee for its "exceptional enterprise" in developing North Sea and onshore oil and gas resources.

The Committee's latest report expresses concern about the size of North Sea concessions licensed *to large oil* companies which have remained undrilled in the past decade.

It calls for a re-examination of tax and oil exploration licence policies that put independent groups at a disadvantage, and suggests the introduction of tax relief on oil companies' community development expenditures.

Welsh plant saved

All 900 jobs at Rover Group's car body pressings plant at Llanelli, South Wales, are expected to be saved if negotiations succeed for its purchase by Camford Engineering, based at Stevenage, north of London.

Camford wants to buy as a going concern Llanelli Pressings, which is scheduled by Rover to be closed by the end of 1990. The company is negotiating with the Welsh Office for financial help with what it promises would be substantial investment in the plant.

BT minicomputer

British Telecom has launched a range of office minicomputer systems of its own design and manufacture called the M6000 series.

The six models are assembled at BT's plant at Fulcrum, Birmingham, and represent the latest phase in the group's *efforts to raise awareness of its* skills in joining telecommuni*cations and data processing.*

Brel buyout

British Rail Engineering, responsible for building and maintaining the trains for Britain's state-owned railways, is to be sold to a management and employee buy-out consortium backed by Trafalgar House and Asea Brown Boveri.

The buy-out offer, which is believed to have valued Brel at less than £20m, was accepted over a rival bid from General Electric Company.

Libyan bank claim

Libyan Arab Foreign Bank, which is owned by the Libyan central bank, has asked the London High Court to order Manufacturers Hanover Trust, a New York bank, to hand over funds frozen for the past two years because of President Reagan's sanctions against Libya.

The claim covers $41.3m frozen in MHT's London branch, and another $35.6m the Libyans allege was either moved without their authority from London or not transferred by MHT from New York to the London account.

The court is being asked to rule whether the London account is governed by English *or US law, and hence whether* the presidential sanctions apply.

Ladbroke raises bid for leisure group to £186m

By Ray Bashford

LADBROKE, the hotels, property and leisure group, yesterday increased its takeover bid for Thomson T-Line to a final £185.7m. But the industrial holding company advised shareholders to reject the offer and repeated that it was in discussions with another potential bidder.

The Thomson T-Line board's *statement*, which came after the close of trading, increases the likelihood that Wembley, the diversified leisure group, will mount an offer for the company next week.

In a final attempt to gain control of Vernons football pools, one of Britain's largest *sporting lotteries*, which is Thomson T-Line's principal subsidiary, Ladbroke increased its offer from 80p to 90p cash a share.

Mr Cyril Stein, Ladbroke's chairman and managing director, said that this was the "fullest valuation" he could place *on Thomson T-line* and that it was his final offer. Wembley has been seen as the *most* likely counter bidder since last month, when a Thomson T-Line director said that the company was in "regular contact" with another group.

The new Ladbroke offer took *some of* the heat out Thomson T-Line shares yesterday but they still closed *above* the revised bid, easing 1p to 92p.

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EIB lends 3i group £60m for industry

By William Dawkins in Brussels

BRITAIN'S largest provider of development capital for unquoted companies, 3i Group, has been lent £60m over the next 15 years by the European Investment Bank (EIB).

This is only the second loan of its type since 1985 from the EIB *to a UK financial* institution. Some of it will be passed on to *small and medium-sized* UK companies in the form of equity finance, an extremely unusual use of the European bank's funds. This follows an £80m EIB loan unveiled last week for Barclays Bank.

Of the total of yesterday's loan, Ecu35m will come from the New Community Instrument, where the European *Commission* obtains the best rates on world capital markets thanks to its triple A credit rating and passes the money to the EIB for on-lending *as a* so-called global loan to financial intermediaries such as 3i.

The remaining Ecu25m comes from the EIB's own resources and is reserved for assisted areas. 3i will be drawing the cash in sterling. It will be aimed at "capital investment designed to increase productivity and competitiveness in industry," with an emphasis on the introduction of high technology, said the EIB.

The pause in EIB industrial lending to the UK was caused by the British Government's decision in 1985 to withdraw exchange rate cover for loans from the Luxembourg-based bank. But the supply of long term funds has become so restricted in the UK recently that financial institutions have found it once again attractive to turn to the EIB, despite pos*sible exchange rate risks.*

Product development

Propelling concepts into a market

Christopher Parkes concludes his series on Unilever with a look at the Anglo-Dutch group's strategy to broaden its base internationally in the field of personal care

The chairman reeled at his first whiff of Elizabeth Taylor's Passion, a somewhat florid, not to say overstated perfume.

"Yes Mike," said the voice at his shoulder. "We're talking about people with lots of money and no taste. Welcome to the USA."

Robert Phillips, president of Chesebrough-Pond's, had already paid the superstar a $1m initial participation fee, and was later to spend $250,000 on a single set for an advertising *still shot*.

But he needed to make no apology to Mike Angus, Unilever chairman. Research had shown him that Elizabeth Taylor was one of the most widely revered women in America, seen by the well-heeled in particular as a survivor, and flawless to boot. Heady, aggressive scents were known to be popular in the New York target market.

Angus was not present to see the 8,000 people who clamoured outside Macy's department store in New York for a glimpse of Ms Taylor at the launch in late 1987, but he was quick to appreciate the $30m in sales at manufacturers' prices recorded in the first year. It is now an international best seller.

Coming next: Passion for Men and a new female perfume bearing the name of a renowned husband and wife. Quite a shift for a soap and soup group formerly best known in the international perfumery trade for its macho brand of Denim aftershave.

Passion fulfilled for Chesebrough the *fundamental* requirements that the Anglo-Dutch multinational asks of all its people in the personal products business.

The company had found a successful concept, loaded it into a powerful vehicle, and propelled it confidently into the market place.

"We are not asset intensive. We are ideas intensive. Personal products is all about concepts using products as vehicles," says Mike Perry, main board director responsible for global personal product *operations. "It is a high margin*, high yield business when we get it right."

With the world market for personal care products growing at 10 per cent a year, there is every incentive, and with Perry confident of 12 per cent annual profit growth, there are indications enough that Unilever is getting it right.

But there is still a long way to go. In the US the group's personal products business is skewed heavily towards skin care with the Vaseline and Pond's brands which came with the acquisition of Chesebrough-Pond's a year ago. In Europe, it tilts away from skin care and is weighted towards toothpaste, hair and deodorants.

Mike Angus: Quick to appreciate Passion's sales

Its traditional opponents in world markets, notably Procter & Gamble which picked up the Oil of Ulay business with the Richardson-Vicks acquisition, and France's L'Oréal are *increasingly* combative. Apart from the emergent threat from Japanese companies like Kao, which recently took the number two position in the US hand lotion market with the purchase of Jergens, and has since forged a link with Beiersdorf, best known for Nivea, in West Germany, a multitude of smaller specialist companies has emerged in recent years.

In the $15bn US personal products market, for example, where Phillips claims Procter has 11 per cent, Revlon about 9 per cent, and Unilever 7 per cent ahead of Bristol Myers, it was formerly the *norm* for the leader in a single sector to have a 15 per cent share. This has now been *eroded to as little as 10 per cent*, Phillips says. It is relatively easy for new entrants to break into niches in a business with low capital costs.

In these conditions it is all the more commendable that Chesebrough has 25 per cent of the US hand and body lotion trade, despite the presence in the market of more than 200 "knock-offs" or close imitations of its best selling Vaseline Intensive Care product.

It is difficult to over-estimate the impact the arrival of Chesebrough has had on Unilever's personal products interests. Setting aside the 50 per cent increase in sheer size – including a 20 per cent boost to the *turnover of Elida Gibbs in the UK* – confidence has blossomed.

Nowhere more so than in the US. Contrary to the usual business practice of an acquiring company's sacking *the old* management, Chesebrough's leadership core has been kept virtually intact, and only half a dozen people from the former Lever personal products business – now part of Chesebrough – remain. Phillips declares himself liberated by the change of ownership and disposal of unwanted assets. He now presides over a much smaller Chesebrough company with only $1bn of sales and 5,000 employees compared with $3bn in sales and 20,000 staff. For two years before the takeover, the 2,000 headquarters staff, now down to 300, were mostly occupied with re-organising the Stauffer Chemicals acquisition, which Unilever promptly sold to ICI.

"Chesebrough-Pond's is now a consumer-driven concern and means it," Phillips says. "Most public companies' plans in the US pivot around earnings per share figures for the next eight quarters."

Long-range thinking now is devoted solely to the market. "We have plans and we will stick to them despite the ripples.

"We are going to pour hot oil on the competition in skin care and storm the dentifrice bastion at the same time," he adds, long on threats and short on detail.

After years of foot-shuffling and tinkering, the group now *stands* ready frankly to admit its failings in the US. "We are not in hair, and we are not in deodorants. But these are core categories for which we have new initiatives.

"We will beg, borrow and steal every bit of Unilever expertise from round the world to get in there," Phillips pledges.

Mike Perry duly recognises past problems and appreciates the change in attitude, but he stresses *his central demand*. "Almost all our failures have been the result of Americanising international concepts," he says.

"Things have been modified unsuccessfully. We don't ask them to mimic the UK or German way of handling a product, and we don't want them to ape fashions in the domestic US market.

"We ask: 'are you sure you understand the concept?'"

He argues that this conceptual approach has made the Timotei shampoo brand – now being joined by a train of skin cleansers, lotions and other line extensions – an extraordinary hit worldwide. *Ignoring the basic rules and trying to* Americanise the concept made it a flop in the US test market.

"The image is one of innocence, youth, protectiveness and purity," *he states*. Partly as a function of the times, these intangibles have been designated as universally desirable. Only the means of expressing them, either in formula or presentation, vary from country to country.

Accordingly, Timotei will be relaunched with confidence in the US this year, along with a shampoo under the Rave brand, which has already proved the success of the conceptual approach in its home market.

Rave, *formerly* a lowly name in the perm kit and hair spray market, was relaunched recently in packaging which conveyed the authority of a professional salon product, a strategy used to great effect in Europe by Wella of West Germany. In one year the spray moved from twelfth to second place in a $700m market sector.

In similar fashion to food, Unilever's personal products companies have traditionally operated with considerable autonomy, sticking close to their local markets, where local tastes were deemed the dominant marketing factor, much as in the food industry.

However, internationalisation of concepts, and to some extent, brands, has demanded closer co-ordination. *Directors of the five major* personal products companies from Britain, the US, West Germany, France and Italy meet Perry every six weeks to work on common issues such as marketing, research and development and environmental issues and to pick up transferable ideas.

"Our goal is to produce brands that are internationally transferable, but national markets always come first," says John Sharpe, chairman of Elida Gibbs in the UK.

"Most companies still have most interest in keeping their own end up. It keeps a healthy tension in the system."

Part of this is reflected in changes Elida Gibbs has made to its own new product development system in the UK. Despite the size and sophistication of the British market, the UK company has contributed little to the international product line-up in the past 10 years. Timotei, among recent world hits, originated in Finland. Impulse body sprays came from South Africa – both the fruits of small companies operating in small markets.

Elizabeth Taylor: 8,000 clamoured for a glimpse of the star at the launch of her Passion perfume

Part of the difficulty of supplying new ideas to the group stemmed from the size of the UK operation which generated a vast number of ideas. At one stage recently, according to Tim Shepherd-Smith, marketing director, there were 84 new product proposals on his desk.

Now notions are funnelled through an innovation process manager who *filters and allocates the* promising ones for development into concepts. After further scrutiny in a project group involving every discipline from accountants to packaging experts, the final selection is passed on for development and marketing.

Unilever's experience has shown that once a brand is launched into international markets, the greatest benefits may accrue not from production economies of scale or similar criteria, but from the steady refinement which comes as the property is passed on from country to country.

Elida Gibbs in Britain is even now in the process of preparing for a relaunch of *Sunsilk shampoo*, one of its earliest contributions to the international brand league, in a presentation which includes the best of the improvements from overseas.

But the older brands still have a crucial role to play. There is no sense and less economy in a company which spends 25 to 30 per cent of turnover on marketing allowing old names to deteriorate. "Look what Beecham did with Lucozade," prompts Sharpe. "Our aim is uncovering the core values and contemporising them." Thus in the early stages of developing the new skin care business, it has sub-divided its slender brand portfolio and is working on updating.

Pond's has been nominated for the "old face" market, Timotei "new face", and Vaseline is hands and body.

Group aims in all consumer interests include a distinct shift to higher added-value products, espe*cially in skin and especially* in Europe, where the population is ageing rapidly and demand for even the faintest promise of wrinkle-freedom is booming. Sales of skin care preparations in Western Europe are expected to reach $6.5bn in 1991, compared with $4.8bn in 1987.

Even if this were not the case, pressure from competitors like L'Oréal, which holds much of the high ground in European skin with names like Vichy, Lancôme and Niosôme, and which is now moving *into Unilever's* and Procter's mass market territory with Plénitude, demands a response. "We can't give away the top end to L'Oréal and Shiseido," says Phillips.

He has at present only one name, Erno Laszlo, which could be brought to bear. It enjoys considerable cachet among people prepared to pay $25 for a bar of soap and much more for a home facial, and is sold in only the swankiest outlets. "Even Bloomingdales is considered too down-market," he says.

However, as current negotiations to buy Fabergé and its Elizabeth Arden business suggest, the group's new-found aggression and considerable resources are being put to good use. A new Chesebrough subsidiary, Parfums International, has been set up and almost immediately bought *the Noir perfume* brand from Innoxa. Earlier this month it took over a US fragrance house, Evian Perfumes, to add bulk.

Acquisition is probably the best way to attain critical mass in the relatively new skin and scent sectors, but Perry remains a staunch advocate of organic growth.

However assiduously Unilever's head office follows its newly declared policy of a looser rein on its operating companies, it has occasionally to crack the whip. After the success of the Chesebrough purchase there is a tendency among some managers to ask for more.

"They say we have a weakness in such and such an area and we need an acquisition," Heron says.

"I boot them straight into touch." Even the flightiest conceptualists need occasionally to be brought down to earth.

Previous article in this series were published on January 13, 16, 17 and 18.

Now it's fluid, now it's solid

Clive Cookson looks at the engineering potential of a substance that can rapidly change state

Liquids which solidify almost instantly when an electric field is applied have been known as scientific curiosities for 50 years.

Now these "electro-rheological fluids" are attracting increasing commercial interest from companies which believe that they could be the basis of a new multi-billion pound industry.

ER fluids, as they are generally known, are seen as a link between electronics and mechanical engineering. They allow direct electrical control of devices such as valves, suspensions or clutches, instead of having to transmit the force through mechanical linkages or conventional hydraulic pipes. The advantages are much faster responses, reductions in space and weight, and greater reliability.

According to a report by Technology Catalysts, a consultancy based in Falls Church, Virginia, the world market for ER fluids and devices will begin to take off in 1991 and will reach $1.3bn in 1995 and $12bn in the year 2000.

Technical Insights of Fort Lee, New Jersey, predicts an even faster take-up of ER technology. Its report says that half of all hydraulic devices will eventually be based on ER fluids. The automotive industry is likely to be the largest user of ER fluids, for use in suspension and transmission systems. They could, for example, be ideal in an "active suspension system" which automatically adjusts a car's ride to compensate for varying road conditions.

Others, however, take a more sceptical view and point out that no ER product is yet on the market anywhere in the world, even though several corporate and university research teams have been working intensively on ER fluids since the 1970s. "I've seen an awful lot of hype come out about ER fluids," says Ted Duclos, who manages the ER programme at Lord Corporation, a US engineering components and chemicals manufacturer.

The world's first commercial ER device is due to be launched later this year by ER Fluid Developments, a small British company. It is a type of industrial clutch designed to control the tension of material, such as wire or paper, being wound round a reel or spool.

The first one will be installed for testing at an Alloy Wire Company factory in the West Midlands next month and two are being delivered to similar plants in the US and West Germany.

ER fluids are a milky suspension of finely divided solid particles in an oily (hydrophobic) liquid. The particles, which must be electrically polarisable, are usually 5 to 25 microns (millionths of a metre) in diameter. The liquid needs to be about the same density as the solid to prevent the particles separating out. ER Fluid Developments uses particles of a polymer called lithium polymethacrylate (which is a derivative of Perspex) in fluoro-silicone.

When the fluid is exposed to a strong electric field – typically a few thousand volts across a gap of a few millimetres – it immediately thickens into a gel or solid. The strength of this "solid" and its effective viscosity depend on the composition of the fluid and on the electric field applied.

Scientists do not agree on the best fundamental explanation of the ER effect. But under a microscope the particles can be seen to form long chains or fibres when the fluid is activated by an electric field. It will behave as a solid unless the chains are broken by mechanical force.

Therefore, a space filled with activated ER fluid can be used to connect two moving parts without slipping, giving an electrical clutch which can be engaged and disengaged within a thousandth of a second by switching the field on and off. The flow of ER fluid along a pipe can be stopped by applying an electric field at one point – creating a simple hydraulic valve.

Although US scientists had done some experimental work on ER devices in the 1940s, the serious development of ER technology started in the UK during the late 1960s.

The mechanical engineering department at Sheffield University, which led the way, is still a centre of ER research under Bill Bullough. At about the same time the Ministry of Defence began to fund development of ER fluids at several UK companies.

When the ministry pulled out of ER research in the early 1980s, it assigned its portfolio of patents to the government-backed British Technology Group. BTG has also picked up ER patents from more recent research supported by the Science and Engineering Research Council and by the Electro Rheology Research Syndicate, an industrial research association.

BTG is, in the words of its ER specialist David Veasey, "trying to act as what in soccer might be called a 'midfield player'. As the game evolves, it is licensing the 'forward line' of industrial manufacturers to use different elements in the patent portfolio it is building up on ER fluids and devices."

UK manufacturers pursuing ER developments include British Aerospace, GEC, Dowty Rotol, Air-Log and Automotive Products. Bristol, Liverpool, Sheffield and Cambridge universities and Cranfield Institute of Technology are carrying out research on ER fluids.

However, some companies that devoted considerable resources to ER research in the mid-1980s have recently wound down their activity because they believe that ER fluids are still too far from widespread commercial application. They include American Cyanamid in the US and Castrol in the UK.

"ER fluids are a very attractive concept and I'm sure that there are a number of applications for them, but we were looking at applications for the automotive industry – and today's fluids do not even come close to meeting those requirements," says Colin Harrington of Castrol.

Researchers say that ER technology will have to be improved in several respects before the fluids are applied widely. For example:

- The environmental operating range of the fluids must be extended. At present they work well over a temperature range covering no more than 60 deg C (typically from 10-70 deg C).

But a fluid in a car, for instance, will have to operate from minus 20 to 70 deg C. Although most ER fluids contain minute amounts of water in their particles, Harry Block, professor of molecular electronics at Cranfield Institute of Technology, has invented a new class of "dry" fluids which may have a wider operating range.

- The present ER fluids consume too much electricity for many applications. This causes excessive heat to build up in the liquid. The fluids need to function at lower voltages and/or become less electrically conductive.

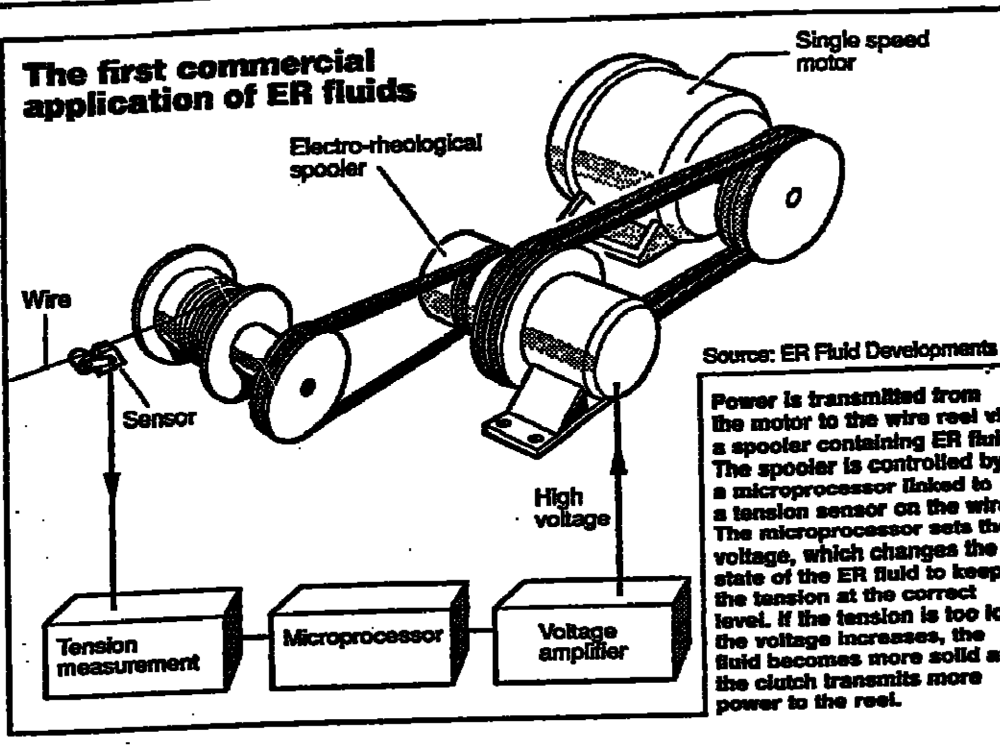
- Better electrical devices are required to switch high voltages on and off very rapidly.

Analysts such as Paul Weitz, of Technology Catalysts, who are optimistic about the future of these "smart fluids", believe that these problems will soon be overcome.

"There are two particular reasons why the technology is ready for full-scale commercialisation," he says. "The first is the increased awareness in the auto industry of the need for improved quality and performance. The second is the new availability of highly sophisticated electronic sensing and control devices, with the right microprocessors and software."

David Veasey says BTG's immediate strategy is "to encourage device manufacturers to develop equipment based on known fluids suitable for use in sheltered environments where operating conditions are not too extreme – perhaps for machine tools in temperature-controlled factories." That experience could lead the way to extensive applications in the auto industry later in the 1990s.

The first commercial application of ER fluids



Source: ER Fluid Developments

Power is transmitted from the motor to the wire reel via a spooler containing ER fluid. The spooler is controlled by a microprocessor linked to a tension sensor on the wire. The microprocessor sets the voltage, which changes the state of the ER fluid to keep the tension at the correct level. If the tension is too low, the voltage increases, the fluid becomes more solid and the clutch transmits more power to the reel.

WORTH WATCHING

Edited by Geoffrey Charlish

Digital link with low-cost areas

A WAY to send company typing work out of London into lower cost areas in the north of the UK is offered by NU-Enterprises of London.

The technique, called teleworking, involves the use of high-speed digital lines. It is becoming attractive because communications costs are tending downwards in real terms, while city centre office space and wages are tending upwards.

NU-Enterprises claims that, on average, hourly typing costs can be reduced by 25 per cent and that maximising the volume of typing can push the figure up to 40 per cent. It says that City firms and institutions are most likely to benefit.

Text is dictated into a machine which puts a digital recording on to hard disk. The data is sent at high speed over a (mainly) Mercury link to Scope Technology in Manchester, which specialises in word processing and works through the night.

The text is sent back at about 6,000 words a minute into the originating company's personal computer (IBM or compatible) and can then be printed in the usual way. More complex numerical work, often compiled in handwriting by financial people, is faxed northwards.

An expenditure of about £30,000 is incurred if private digital lines are used; although in theory this could be shared by several companies, the Telecommunications Act (1984) imposes restrictions. Simpler versions, using courier-transported disks and public telephone lines, are available.

In the longer term, the company believes the system will be applicable to secretaries working at home, freeing office space and helping mothers, for example, to work from home.

Better view in bright light

TELEVISIONS and personal computer screens will be easier to view in bright room lighting with a revised design of picture tube from Philips, the Netherlands-based electronics group.

The company, which is the biggest maker of television tubes with 17 per cent of the world market, has increased the brightness of the picture while making the face plate of the tube in dark glass. The picture appears to be as bright as usual, but the contrast is improved since less direct light gets to the picture surface.

Brightness is determined by the intensity of the electrons which strike the phosphors on the back of the face plate, making it glow. Philips has increased this by 50 per cent, but this also means that the shadowmask has more heat energy to cope with.

The problem is expansion. The shadowmask, which determines the colour accuracy, can distort. So Philips has used invar, an iron/nickel/carbon alloy which has only seven per cent of the expansion of the pure iron normally used.

The new tubes will only be available in the more expensive television sets.

Form reading for computers

AEG Olympia, the West German office systems company, is offering a means of entering data recorded on paper forms into computer storage.

Keying in such work manually is tedious and time consuming. Instead, a form-reading device optically scans the forms and puts them into a workstation. The reader can cope with 150 type fonts and can recognise hand printing.

Forms up to 14 in deep can be accommodated. Each one is displayed on a split-screen monitor, allowing easy editing of poorly written or highly detailed forms. Clearly printed items with little detail can be dealt with on a continuous basis at the rate of 850 (A5 size) an hour.

The company believes that 50 per cent of all written office information is on forms and the majority is still being keyed in manually. Public and postal services, banks and insurance companies are the most likely customers.

Fax board with its own power

ALTHOUGH there are several "fax cards" on the market which plug into a personal computer (PC) to give facsimile transmission and reception, Comwave, of London, says that it has introduced the first with an on-board microprocessor.

The advantage is that demands on the PC's processor are kept to a minimum because the fax board has its own computing power. In turn, this means that the user can go on employing the PC for his customary work. The conversions from fax code to PC code and vice versa are speeded up, and carry on without the user knowing.

The advantage of plug-in fax boards is that they allow text or graphics developed on the screen to be sent to anyone with a fax machine (or a PC with a fax board). Similarly, material from remote fax machines can be brought up on the screen.

Plastic that can be washed away

HOECHST has brought out a product which can be made into a film rather like polythene, but which dissolves in water, making it easier to dispose of than many plastics.

The material, which chemically is polyvinyl alcohol, is being made into wrappings and bags by Palagan of Dunstable, which believes there will be widespread applications. Already it is being used to wrap hospital linen before laundering, to put dosages of hazardous chemicals into tanks of liquid and to package lavatory cleaning chemicals.

CONTACTS: NU-Enterprise: London, 733 3815. Philips: The Netherlands, 40 757189. AEG Olympia: London office, 262 6788. Comwave: London, 730 9053. Hoechst UK: London 734 3109. Palagan: UK, 0582 600234.

CORRECTION. The correct telephone number of Pergamon Compact Solution is London, 377 4916. (This page, Tuesday.)

ARTS

CINEMA

Heavy mob rule

Having charmed us off our perches with *High Hopes*, the British cinema this week sends in the heavy mob. In *For Queen And Country* and *Stormy Monday* violence walks the Thatcher-ruled land from Newcastle to London. Bombs explode, limbs are broken, blacks are victimised. Falklands veterans are duffed up or shot dead. The dark satanic housing-estates run with blood. And the feet walking England's green and pleasant land – what has been left of it by successive Environment Ministries – are those of property barons, drug kings or psychotic flatties abusing their uniform by practising racism and corruption.

Welcome to Britain the Apocalypse. We met her recently, overblown and overdrawn, in *Sammy And Rosie Get Laid* and *The Last Of England*. In this week's films she is still behaving like a demented giantess. Martin Stellman's *For Queen And Country* has a marginally stronger hold on sanity and proportion than Mike Figgis's *Stormy Monday*: if only because it is – at odd moments amid the stacking up of hyperbole and contrivance – almost believable.

It owes its plausibility to the least plausible feature on paper: American actor Denzel Washington (who played Biko in *Cry Freedom*) as the black cockney hero Reuben. Chucking in his paratrooper's beret after duty in Northern Ireland and the Falklands, Reuben comes home to a nightmare Britain. His one-legged ex-comrade is hounded by the Gas Board for non-payment of bills, old drunks urinate in the lifts of his high-rise housing estate, and the Home Office won't renew his passport. Romance is offered by a tired widow (Amanda Redman) with a semi-delinquent daughter. And the police, spoiling for a fight, deride his tale of Falklands service ("Listen, pal, that was an English war, not a jungle war.")

Denzel Washington, complete with East End accent, creates a character who thinks, feels and reacts. His pliancy and understatement are a lesson – or should have been – to the cavorting cut-outs who elsewhere people Stellman's England. These range from Bruce Payne's flash, Porsche-driving drug dealer, tempting Reuben into crime, to Dorian Healy's crippled war crony now saddled (wouldn't you know) with debts, a pregnant wife and a booze problem. At the film's climax the estate becomes a Broadwater-style war zone. And when coincidence steers all the key characters to the same spot for a showdown, it is like watching out-takes from *The 6 O'Clock News* caught in a life-or-death battle with out-takes from a pulp TV crime thriller.

Writer-director Stellman whittled a far superior state-of-the-nation tale in *Defence Of The Realm*. Here he does little but pile on the rhetorical agony. In *Stormy Monday* writer-director Mike Figgis piles on the moody melodrama. I have not had the privilege to be in Newcastle-on-Tyne during one of their "American Weeks" (if they exist). But on the evidence of the one depicted here, I am about to cross Newcastle off my list of eligible Northern watering-places.

The city seems to be overrun by weirdos. There is this American girl (kooky waitress Melanie Griffith) hitching up with this Irish bloke (young drifter Sean Bean) to defy the dastardly schemes of this American bloke (gangster Tommy Lee Jones) who is putting the screws on this English bloke (nightclub-owner Sting). All clear so far? En route we overhear murder conversations over the clam chowder, listen to the woozy-ominous score by Figgis himself, and watch the odd arm being metaphorically twisted or non-metaphorically broken.

At the climax, Figgis goes on a cross-cutting spree, intercutting a street parade with a love scene with an about-to-explode car-bomb. Will it go off? If so, when? And could it please include among its victims the visiting Polish jazz band, deeply infelicitous in their symbolic role as representatives of a bruised and decent humanity as opposed to the (notional) slick greed of the Americans.

Britain today, suggests Figgis, is a country of enfeebled identity and betrayed idealism, caught in a geo-political pincer movement between East and West. It is a glib idea and it is a glib, attitudinising movie. The only interesting problem raised is whether the film is worse when it goes over the top, hurling at us its *ersatz film noir* stylistics, or when it remains as blank and gnomic as most of its performers. Especially Mr Bean, who performs the notable feat of looking like Robert Redford while acting like a block of styrofoam.

*

Someone To Love, from the man who brought you *Sitting Ducks* and *Always*, is exasperating and exhilarating by turn. Film-maker Henry Jaglom, who at an early age swapped the casting couch for the psychiatrist's couch, peoples his movies with delicate loons and neurotics. He then gets them to talk about their lives.

Here the setting is a condemned theatre in Santa Monica and the occasion is an impromptu symposium on love and loneliness called by Jaglom. His cast of friends (playing themselves) includes Sally Kellerman, Ronee Blakley, Monte Hellman and Orson Welles, and the master of ceremonies and chief loon is Jaglom himself. ("He's a crazy person, I've known him for years" says Kellerman matter-of-factly.)

The film annoys with its shapelessness and enchants with its unexpectedness. Heartbreak lies down with hilarity: witness the *dotty attempts* by Michael Emil, Jaglom's eccentric brother, to chat up Miss Kellerman. (He looks like an aging emu romancing a beautiful giraffe.) And for a majestic, moving coda what could match the sequence in which Orson Welles – in his last movie – dishes out epigrams to the listening company like Falstaff setting out his farewell feast. "It takes too long to make a movie" says Orson at one point. "By the time your idea reaches the screen, it's already dead." Well, Welles is dead. But to judge by the film, his and Jaglom's ideas are still alive and well and dancing.

*

I suspect I may well be dragged off to a Jaglom group-therapy session after enjoying *Cocktail*. My colleagues all emerged from the Press show with sighs and longsuffering looks, as if auditioning for the role of the late Job.

Yet when Tom Cruise became an all-chatting, hip-shaking, bottle-juggling bartender in New York and Jamaica and then fell in love with a pretty girl (Elisabeth Shue) who turned out to be an heiress and then threw over the rich matron he had been encouraged to seduce by his barman pal and mentor Bryan Brown, who ends up slitting his wrists but that is another story, I found the experience painlessly jolly. Perhaps because a cocktail cabinet was dropped on me at age five and I survived the early assassination attempt, I warmed to the colours of Dean Semler's photography (travel-brochure with taste) and to the cutting-to-rhythm direction of Roger Donaldson.

I even half-liked the style and energy of Mr Cruise, hitherto (despite the screams of teenyboppers) merely a gifted contender in the Michael Dukakis lookalike stakes. The film is minor makeweight movie-making: but done with a shake. Make mine a Tequila Sunrise.

*

To the crashing surf of tourist Jamaica you may prefer that of the French New Wave, which has been breaking over grateful audiences at the Barbican. 200 years after the French revolution, this season celebrates an uprising scarcely less historic. In the 1950s a group of postwar French critics first guillotined the old guard in print, then established their own creative *republique* with the camera.

The season has illustrated not just the dynamism but the variety. In this crowning weekend – hasten while shows last – you may sample sexy comedy (Malle's *Zazie Dans Le Metro*), futuristic allegory (Godard's *Alphaville*), Franco-Hollywoodesque musical (Demy's *Les Parapluies De Cherbourg*) and even a Godardian essay in how to be sexist while pretending you are a revolutionary (*Une Femme Est Une Femme*). All human life, its charms, revelations and contradictions, is here.

Nigel Andrews

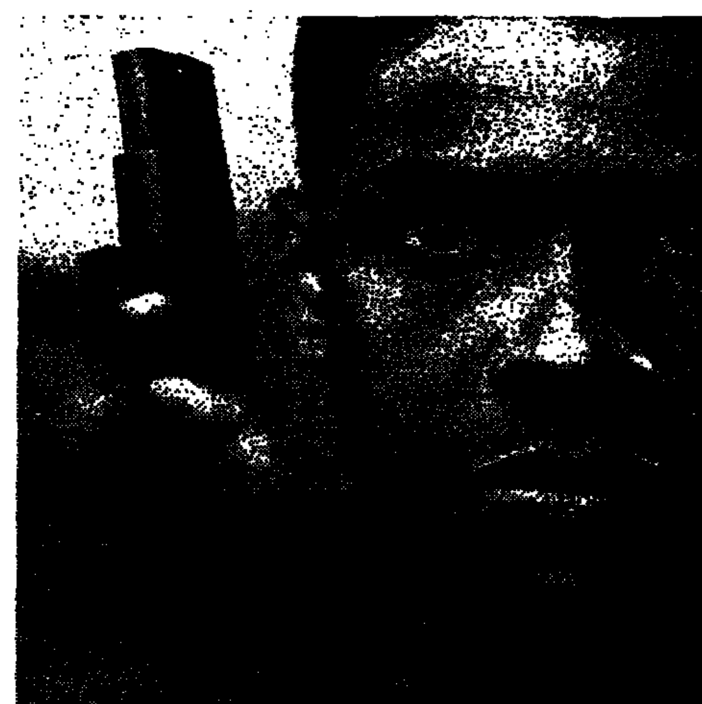
FOR QUEEN AND COUNTRY
Martin Stellman

STORMY MONDAY
Mike Figgis

SOMEONE TO LOVE
Henry Jaglom

COCKTAIL
Roger Donaldson

THE FRENCH NEW WAVE



Denzel Washington in "For Queen and Country"

Romeo and Juliet

COVENT GARDEN

From the first notes of the score on Tuesday night, it was clear that this was to be an account very different from the usual run of *Romeo and Juliet* performances. Even before the house-lights dimmed, as we saw the extra musicians placed in the stalls circle seats nearest the stage, there was promise at least of bigger sound as well as of a reconsidering of Prokofiev's score. And so, as the evening progressed under Bernard Haitink's baton, it proved, with sonorities richer, accents sharper, a command of the dramatic scheme of the music which invited – and inspired – the most alert response to the ballet's argument.

With Natalya Makarova returned at last to Juliet, a role in which she has no peer, with the ardent Julio Bocca as a very welcome guest Romeo, and with Haitink to set the music blazing, the interpretation was memorably fine. (That it was also a charity gala for Crusaid is owed to the generosity of the sponsors, ADT). Makarova's Juliet is now a reading from which all excess has been pruned: she dances, acts – lives – at the heart of the character. The path of the action is her unerring and beautiful journey, from the child who can still play with a doll to the woman who grieves over her dead lover, showing us Shakespeare's heroine plain. The transition from girlhood is marked by extraordinary moments: the questioning gaze as she starts to comprehend womanhood at the end of her first scene; the crescendo as she responds to Romeo's initial passion, so that the young lovers must stare obsessively at each other; and the complete physical abandon of the balcony scene, the dancing burning high, the two bodies drawn irresistibly together.

In the third act, Makarova reveals Juliet's isolation – her sense of the inner world of her passion which impinges hardly at all upon the actuality of family demands – to stunning effect. There is absolute directness of effect as of feeling when Juliet shuts out the world and places hands to ears, then holds her face in despair; kneeling, head bowed, acquiescent to her father's commands, she can yet seem to escape from Paris's grasp. Everywhere the dance image, the pure resonant line of the body, tell of suffering, resolute and impetuous love. It is great dancing, triumphant in interpretative genius, in distinction of means, and in its exposition of the ballerina's art.

It finds in Julio Bocca a worthy and passionately devoted Romeo. His movement has a temperamental quickness, a classic elegance, that are part of an interpretation both eager and authoritative. Youthful fervour, physical verve, draw this Romeo in lines of vivid feeling, as he cuts his way through duels, or gives himself utterly to Juliet.

To Bernard Haitink and the Opera House orchestra, much gratitude. Not since the Haitink's previous appearance for a ballet performance have we been so reminded of the central fact that the score is the foundation and inspiration of a dance performance, and not a mill-stone round its neck.

Clement Crisp

Fears and Miseries

LIVERPOOL PLAYHOUSE

The Liverpool Playhouse has launched a new studio company supported by the City Council's urban programme and endorsed by the Inner City Task Force. Judging by the second fruit of the project, the result is the best regional studio adventure since Nancy Meckler's classical seasons at the Leicester Haymarket.

The director, Kate Rowland, has matched a selection of Brecht's sketches from *Fear and Misery of the Third Reich* with a clutch of commissions from contemporary playwrights under the umbrella title of *Fears and Miseries of the Third Term*. For the next three weeks, Brecht is on Tuesday, the new work on Wednesday, Thursday and Friday, with a three-and-a-half-hour double bill on Saturday.

The conjunction of Hitler's Third Reich with Mrs Thatcher's Third Term has led to a local political kerfuffle orchestrated, it is almost needless to say, by councillors who have not seen the show.

While it is true that none of the commissioned writers has come up with a hymn to Thatcherism, none has drawn any offensive comparison with Hitlerism, and the angriest items, such as Frank McGuinness's bitter Irish litany about beautiful British justice, or Noel Greig's censorship sketch in which democracy in Chile is preferred as a classroom subject to homosexuality, rephrase legitimate, familiar and inoffensive obsessions.

Most of the writers have responded by taking bleak, funny snapshots of social mishaps rooted in character, not detailed political reality. Thus Debbie Horsefield's chill monologue for a woman about to drop her child from a council flat window is a very far cry from Brecht's Jewish wife preparing to leave Frankfurt in 1935, where an aura of doubt and mistrust has seeped like poison into personal relationships from the political atmosphere.

In a way, the single-mindedness of the new work points up the poetic suppleness of Brecht's, which in Miss Rowland's selection of about half the pieces, charts with devastating intensity a war effort built on nervous debilitation. The production is punctuated with excellent new settings by Patrick Dineen of the songs and is played with the right blend of savagery, lightness and regret by a cheeringly talented company of nine actors, most of them local born.

The translation is not credited but sounds like John Willett's. Some of the Third Term writers assume other voices, with mixed success. Charlotte Keatley offers a Joyce Grenfell guide on a heritage tour that ends in tears by the picturesque gallows. Jim Morris cleverly re-casts an unemployment rap in a cowboy scenario. And Kay Adshead vividly conjures a yuppie sinking where poverty is labelled a symptom of bad luck before isolating a cry for help.

The most Brechtian piece is Nick Darke's *Measy Test*, a densely elaborate charade in which a knock at the door to check a pension claim turns into a nightmare of statistical double-speak. But this is an attempt at comic style, not political satire. For both, we must wait for Brecht and the revelatory playing here of a piece like *The Chalk Cross*, in which a Berlin kitchen staff is split open by new tricks of loyalty testing and recruitment.

These pieces are too little known, too rarely done. Together with the new material, which is linked by Adrian Henri poems, they offer plenty of scope for versatility in performance, and all the cast take their chances. Names to watch in particular are Louise Duprey and Jon Huyton, the first an exotic comedienne, the second a sharp and distinctly furtive little operator.

Michael Coveney

The Survivor

PURCELL ROOM

Vague intimations of the civil unrest that is sweeping Prague could be felt at the first night of London's 11th International Mime Festival, where the brilliant Czech actor-clown Bolek Polivka performed sans company – visa problems and the eventual arrest of one of his actors having forced a last minute switch of show. His theme is, appropriately, solitude.

Polivka performs on, around and under two rickety bunk beds lashed together to become a raft carrying a sole survivor. After a brief preamble, explaining in broken English his various props for the voyage (a matchbox watch and knotted handkerchief "for the protection of the head against of sunshine, or, as we theatre people say, the protection of the interior of the crane against of sunshine") he disappears, to emerge seconds later from beneath a triangular sail, it, like the performance as a whole, is immediately deconstructed to reveal a sheet and a tall bamboo wind instrument of infinite versatility which, during the next 70-odd minutes will become a paddle, a gun, a spit for roasting a little tin bird, or even an instrument.

It soon becomes clear that while on one level he is leading a voyage into loneliness, on another he is treating his audience to a clever, expert riff on the craft of theatrical illusion. Dangling his feet over the side, he listens to the tape-recorded swish of water then instructs his technician to make "a mistek." When he next puts a toe gingerly overboard, there is silence, followed by much spirited berating of the poor man whose "mistek" it is. The point made again and again through the show is that the bed is only a raft by consensus of expectation and delivery.

Polivka illustrates his discourse with the deceptive ease of a performer who is master of his art, who is capable of directing eyes to the nuts and bolts of performance and then surpassing all expectations again. His physical control is total, but totally concealed by the relaxed quirkiness of his humour. That it all proved too much for some in the packed first-night audience, who somewhat distractingly walked out, merely added to the piquancy of his opening statement: "You are absolutely free as spectators."

Claire Armitstead

Kaija Saariaho

ST JOHN'S, SMITH SQUARE

Kaija Saariaho is a young Finnish composer (b.1952) who has already penetrated far into the international musical avant-garde: she has studied with, among others, Brian Ferneyhough, and done valuable work at IRCAM in Paris. Last November she was one of the featured composers of the Huddersfield Festival, and Tuesday's Lontano concert was devoted to five of her works, all of them using tape.

The five pieces differed much in length, style, and sonority combinations – the first, *Jardin secret I*, was for tape only – but all of them shared an extreme refinement of timbre. Saariaho is a colourist, a perfectionist in assorting and placing detail, and generally, on this evidence, a miniaturist. Nothing is crowded or ugly, nothing goes on too long; signal virtues!

The world she inhabits seems to be a private place, not always easy of access for the casual listener. But certain fingerprints become recognisable as one listens – the placing of lyrical frills and arabesques in rising and falling pitch-sequences above a pre-recorded tape "pedal", the development of dots and dashes of notes with rhythmic and colouristic effects similar to Ligeti – and the textures are always imbued with light, sometimes palely limpid, sometimes radiant.

Light is in the title of *Lichtbogen*, for nine musicians and live electronics: "Arches of light" which unfold in gradual, carefully constructed series. *Io*, for 16 players, the largest offering of the evening, makes the polarities between "live" music and tape more distinct and widely spaced – the performance under Odaline de la Martinez convinced one that the means and and chosen subject-matter (the title refers to *one of the moons in Jupiter's* orbit) are perfectly matched.

But perhaps the most captivating pieces were those in which a solo instrument is counterpointed by tape: *Jardin secret II* for harpsichord (Tuija Hakkila) and *Laconisme de l'aile* for flute (Ingrid Culliford, a brilliant virtuoso). The latter begins in speech, and threads a *line of transformatory* flute techniques into an exquisite dramatic sequence. I look forward to hearing more of Saariaho's works.

Max Loppert

Steven Lubin

WIGMORE HALL

Mr. Lubin has amassed a substantial reputation across the Atlantic both for his Mozart interpretations and as a standard-bearer for the revival of the fortepiano in performing the Classical repertory. Two recitals at the Wigmore Hall this week have marked his London solo debut, and in the second of them on Tuesday he played both a fortepiano and a modern Steinway.

His programme consisted of Mozart, played naturally enough on his fortepiano, a modern copy of a Walter instrument of Mozart's time, and Beethoven and Chopin, for which he used the Steinway.

Lubin's reasons for not yet extending the period-instrument doctrine to the 19th century were cogently presented in the programme. In large part it is the difficulty of matching instrument to music, of fixing on a single piano to represent half a century in which design evolved at a formidable rate – the instrument *for which Beethoven conceived* his Op.31 sonatas would have been quite different from the Pleyel grand on which Chopin's B minor sonata was composed.

For a performer such as Lubin there is also the considerable frisson of juxtaposing the austere sound world of the fortepiano with that of a modern concert grand. I've never before encountered it before in the concert hall, and when Lubin launched Op.31 no.3 after his Mozart, the culture shock was immense, as though the Wigmore Hall had suddenly been bathed in a warm, slightly ennervating foam bath.

Certainly the accounts of *Mozart's F major sonata K.332* and the set of Variations on "Ah vous dirai-je, maman" K.265 had more nervous energy than his Beethoven and Chopin, though even they took a while to settle and the technique was by no means infallible.

By the standards of the fortepianists we hear regularly in London his tone was unvaried and somewhat strident, but the finale of the sonata accrued considerable momentum and some sparkle. Nothing in the Beethoven or Chopin sparkled; the *playing* was *loud* and unvaried, the pedalling crude, the phrasing commonplace. One looks forward to hearing Mr. Lubin again on rather better form.

Andrew Clements

ARTS GUIDE

January 13-19

EXHIBITIONS

London

The Whitechapel Art Gallery. A major exhibition of the sculpture made in the past two years by Richard Deacon, the young winner of the Turner Prize in 1987. Also an installation by the painter, Kate Whiteford (*daily* except Mondays until Jan 22).

Paris

Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from the United States, the Soviet Union, Japan and Czechoslovakia, together with those in French possession, form the first great retrospective since 1949 of the legendary *peintre maudit*. January 14 until April 24, closed Tue; late closing night Wed (42.96.58.30).

Galerie Odermatt-Cazeau. Camille Claudel 1864-1943. The sculptor, a disciple and lover of Rodin, whose tragic life, ending with 30 years in a mental asylum, inspired a book and now a film, is the subject of an important exhibition. There are 14 of her works, mostly bronzes, with a towering Perseus and Gorgon in marble. The exhibition is completed by seven bronzes by Rodin, including two portraits of Camille herself, young and beautiful, adding the last touch of pathos. 85 Bis, Rue du Fbg. *Saint-Honoré (42.66.92.58). Closed* Sundays. Ends Jan 31.

Brussels

Musée d'Art Ancien. From Manet *to Picasso*: The Reader's Digest Collection. Impressionist and Post-Impressionist works from the corporate headquarters in Pleasantville, New York. Closed Monday. Ends Jan 22.

Musee Bellevue. *Les Flacons de la Seduction*. The art of perfumery in the 18th century. 7 Place des Palais. Ends Feb 19.

Rotterdam

Boymans-Van Beuningen Museum. Twin exhibitions on Rembrandt and his school comprising a lavish 200 drawings and 30 paintings, all from the museum's own collection. Ends March 5.

The Hague

Mauritshuis. These 36 "Paintings from England" lay at the heart of a diplomatic wrangle after the death of "Dutch" King William in 1702, when Queen Anne peremptorily demanded their return from William's Dutch hunting lodge as being the property of the English crown. Of mixed quality, but including three superb Holbeins and Gerard Dou's serenely domestic Young Mother. Ends Jan 26.

Antwerp

Koninklijk Museum Voor Schone Kunsten. Leopold de Waelplein. Golden Light: Art of the Icon. Contains 185 icons dating between the 13th-17th Centuries. Many of the Byzantine, Cretan and russian icons are on public view for the first time and are lent mainly from private collections. Closed Mon. Ends Feb 5.

Berlin

Brucke Museum. Emil Nolde (1857-1956). The exhibition concentrates on Nolde's most creative period in Berlin between 1910-1911. There are about 125 pictures, aquarelles, lithographs and etchings. Bussardsteig 9. *Ends Feb 5.*

Stuttgart

Stuttgart Museum. The most important pictures of the famous Thyssen-Bornemisza collection covering the period between 14th-18th century as well as works by Holbein the youngest, Frans Hals, Peter Paul Rubens and Albrecht Durer. Until March.

Darmstadt

Hessisches Landesmuseum. Glassworks and paintings of the British artist Brian Clarke will be seen for the first time in Germany. He made his name with *his lead glass windows, for the* new synagogue in Darmstadt. With the blue and red coloured windows he symbolises the suffering and hopes of the Jews. Ends Jan 29.

Braunschweig

Herzog Anton Ulrich-Museum. European Baroque Painting. As a gesture of reconciliation, 65 17th and 18th Century paintings from the Warsaw National Museum are exhibited in Braunschweig, 56 years after the German invasion of Poland. The exhibition can be seen until Jan 29, and tours afterwards to Utrecht, Cologne and Munich.

Vienna

Kunsthistoriches Museum. *Prague 1600 – A marvellous exhibition* looking at the court of Rudolf 11, the great patron, not only of the arts but also the sciences. He kept Johannes Kepler, the astronomer from near starvation, and made Prague a centre of learning and culture. Ends Feb 26.

Oesterreichisches Museum fur Angewandte Kunst. Works by the Austrian artist Peter Weibel are on show until Jan 30.

Rome

Palazzo dei Conservatori (Campidoglio). Glass of the Caesars. Queues are stretching right across Michelangelo's Piazza, waiting patiently for a glimpse of the immensely sophisticated ornamental glass and tableware belonging to the imperial Roman court. Until Jan 31.

Galleria Nazionale d'arte Moderna. Witty conceptual art by one of the best of the middle generation of Italian artists, Giulio Paolini, born in Genoa in 1940. Until Feb 26

New York

Metropolitan Museum of Art. More than 100 works by south-west American artist Georgia O'Keeffe cover the range of her career, focusing on her influential abstracts, flower paintings and stark desert landscapes. Ends Feb 5

National Gallery, Phillips Collection. The modern vision of the pastoral landscape, with works by Gainsborough, Constable, Eakins and Cezanne, among others, is part of an unprecedented 136-work, two part show, the other half of which, depicting landscapes of five centuries, is at the Washington National Gallery. Ends Jan 22.

Chicago

Art Institute. Dante Gabriel Rossetti, J.E. Millais, Edward Burne-Jones and Simeon Solomon take centre stage for this British drawings show, called "From the Ridiculous to the Sublime," which covers a century from Thomas Rowlandson's satires through Turner and Lear to the pre-Raphaelites. Ends March.

Washington

National Gallery. Seven Centuries of Japanese Art, as it evolved under the feudal *daimyo* lords is the subject of a major exhibition of 450 specially designated Japanese national treasures, including paintings, sculpture, swords, painted scrolls, ceramics, robes and lacquer. Ends Jan 23.

Tokyo

Suntory Museum. Fabrics from Okinawa. Japan's southernmost island chain preserved until recently its own unique culture, influenced more by China than Japan. This exhibition features beautiful dyed textiles made by a technique called 'bingata' (red stencil dyeing), as well as woven fabrics in indigo and other dyes. There is also a small selection of Okinawan lacquerware. Closed Mondays.

SALEROOM

Hong Kong jade record

Ten years or so ago London reigned supreme as the world centre for sales of top quality antiques. Not any longer. The demand for works of art is now international and the auctions follow the buyers. The most important sales in 1989 to date have been in New York – for Old Master paintings and drawings – and in Hong Kong – for Chinese works of art.

Old Masters have fallen badly behind Impressionist and 20th century paintings in price, but there were signs last week that dealers now considered them cheap. The prices paid for the good religious paintings of the 16th and 17th centuries were well above estimate, with American museums the most likely ultimate homes.

And Christie's three days of sales in Hong Kong this week confirmed the trend of last year – that there was still strong demand for the finest items while the second rate found few takers. The key auction was of jade carvings and jewellery, currently much sought after by Taiwanese collectors who can now export sufficient capital to acquire the finest items. It totalled £3.85m, a jade record for Christie's, but with 25 per cent unsold.

A Hong Kong private buyer paid £518,116, well above estimate, for an emerald and apple green jadeite tripod censer and cover of the late Qing dynasty. It was a record for a jadeite carving. An Imperial green jadeite circular two handled tripod censer and cover, with a Qianlong seal mark, also did well at £334,782, going to Europe. Christie's plans a second auction in September.

Before the War the main collectors of Chinese works of art were the British. Reggie Palmer, chairman of biscuit makers Huntley & Palmer, built up a particularly fine group. Nineteen items from his collection sold in Hong Kong this week for nearly £2m. He probably had paid £1,000 for the lot. A typical appreciation was the £294,807 paid by local dealer Robert Chang for an early Ming moon flask, bought for £66 in London in 1934.

Another record at the sales was the £244,289 paid by Chang on Monday for a modern Chinese painting.

Antony Thorncroft

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The Vienna agreement

THE CONCLUDING document of the latest of the 1975 Helsinki Agreement follow-up conferences, which is due to end in Vienna today, has been variously evaluated as the most ambitious charter of human rights in modern times and as only the beginning of a process. These descriptions are not as contradictory as they appear at first sight. While it is certainly true that the Soviet Union and its East European allies have never before undertaken to respect such a detailed catalogue of human freedoms, it is equally clear that the proof of the pudding will be in the eating.

Sceptics will maintain that it took more than 10 years for the original Helsinki Agreement on Human Rights to bring tangible results. Even then, the pressure applied by one country, the US, was arguably a much more decisive factor in persuading the Soviet Union to take action than the accord itself. Critics will also be able to point to the violation of such basic human rights as the freedom of assembly and expression by Czechoslovakia and East Germany, both signatories to the Helsinki Agreement, only one day after their governments had approved the final Vienna document.

Stalinist cynicism

This betrays a degree of cynicism more reminiscent of Stalinist times than the new era of glasnost and perestroika, ushered in by Mr Mikhail Gorbachev. And what is one to say of a country like Romania which, in one and the same breath, formally approves the Vienna document and proclaims that it will respect only those provisions which it wants to? Yet there are several reasons why much more optimism is in order now than in 1975, when human rights in the Eastern Bloc were in cold storage. Thanks largely to Mr Gorbachev and economic pressures on the Soviet Union, the picture looks much brighter.

In spite of continuing restrictions, there is much greater freedom of expression and movement of peoples in at least some countries of Eastern Europe. Hundreds of Soviet prisoners of conscience have been released and nearly 80,000 people were allowed to emigrate from the Soviet Union last year. The relatively more liberal situation in the Soviet Union, Hungary and Poland is now considered to be the norm in Eastern Europe, while human rights laggards such as Romania, Czechoslovakia, East Germany and Bulgaria are regarded, even by their allies, as out of step with the times.

Moreover, the Western participants in the Conference on Security and Co-operation in Europe have made sure that the monitoring process will be much more effective than it was after the Helsinki and Madrid conferences. Before the next full-scale follow-up meeting in Helsinki in 1992, three major conferences on human rights will be held at annual intervals in Paris, Copenhagen and, finally, Moscow. These meetings, in addition to one on the free exchange of information in London in April this year and a cultural symposium in Poland in 1991, will provide excellent platforms for further close examination of Eastern Europe's human rights performance.

Enshrined in law

Most Western governments are well aware that recent improvements in this field must not lead to a relaxation of Western pressure. Above all, it is essential that, if the process is not to be reversed, basic human rights should be enshrined in the national laws of the countries concerned — a point forcibly made by Sir Geoffrey Howe, the British Foreign Secretary, in Vienna. That is something which Mr Gorbachev has already promised to do in the Soviet Union and the task of overcoming hard-line domestic opposition to his proposals could be facilitated, if he is able to invoke the Helsinki process.

The acid test of the Vienna document remains the extent to which it is implemented, and no one can deny that there is a long way to go. What is encouraging is that at least some Eastern European governments are beginning to consider the respect of basic human freedoms as a practical goal, rather than just a theoretical principle which they can ignore.

The rights of shareholders

THE UK tradition of pre-emptive rights of shareholders — that newly created shares should be offered first to existing shareholders — has collided with the transactional orientations of big business and big finance. Concepts of proprietorial responsibilities and shareholders' rights have become less sustainable in the face of the ability of investment banks to put together huge deals almost instantly.

The debate has become topical again as the Treasury prepares to launch a campaign to topple the investment institutions from their pre-emptive high ground.

The reasons why the arguments should have been reactivated at this stage are obscure, but they are probably connected with changes in the power balance at the Stock Exchange. The agency brokers who controlled the pre-Big Bang exchange gave support to the institutions, their clients, against the manoeuvrings of corporate treasurers.

But now the Stock Exchange and its regulatory counterpart, the Securities Association, are dominated by banks, which have brought with them a much bigger commitment to corporate finance.

Institutional restrictions

The Treasury appears to have been convinced that the restrictions imposed by the institutions are damaging the UK's capital markets. It is argued that companies are unnecessarily constrained in their ability to raise new money and finance deals. There are also suggestions that the rigid institutional insistence upon rights of pre-emption is inhibiting the achievement of wider share ownership.

The logic here seems flimsy, however. There is no evidence that techniques exist for distributing new shares widely among small shareholders, except through public offers for sale at a large discount — the privatisation process which has often proved expensive for the taxpayer.

There is no general evidence that British industry is short of capital, and there are probably too many corporate deals rather than too few. To be required to wait three weeks and suffer the independent scrutiny of shareholders may be inconvenient, but it may do good rather than harm.

Yet the traditional claims of shareholders to their special rights are becoming less easy to support. The legal basis that shareholders own the company and have the right to insist that it is run in accordance with their objectives has started to become detached from practical reality.

Institutional shareholders have become increasingly short term in their attitudes and may even buy and sell only on the basis of computer programmes. Such investors may need various forms of protection, but they cannot be regarded as proprietors.

Other constraints

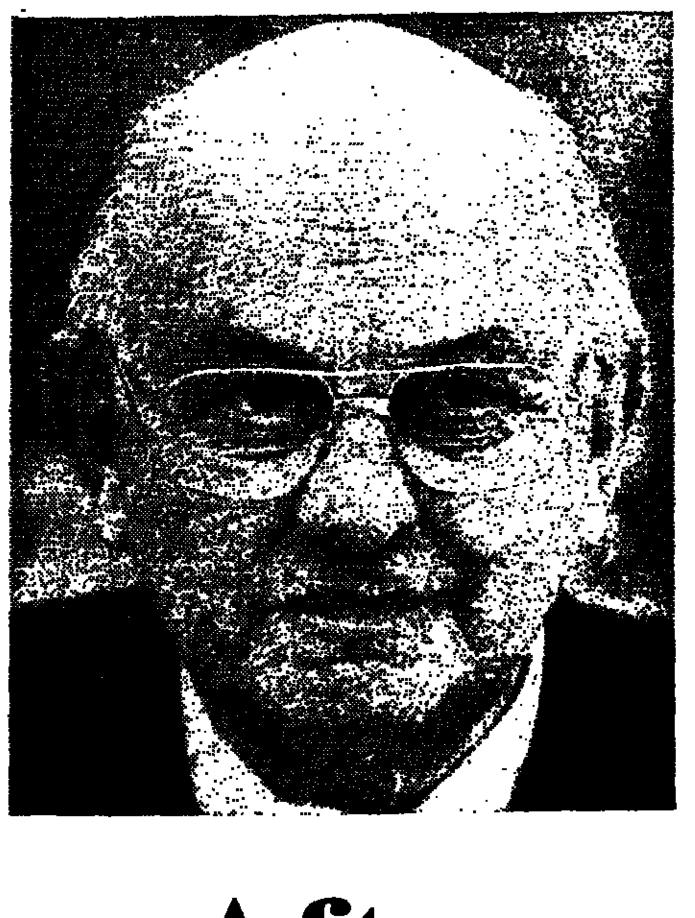
Rights of pre-emption should not therefore always be regarded as absolute in all circumstances. The interests of managers, customers and the public must also be taken into account. But the rights of shareholders should not be reduced without careful consideration of the consequences.

In other countries, where pre-emption rights are not enforced in the same way as in the UK, there are other constraints upon the behaviour of managers and corporate financiers. In Germany, for example, the two-tier system of corporate governance imposes a more powerful system of checks and balances.

As for Japan, companies there are locked into cross-shareholdings involving suppliers and customers as well as institutions and private investors, and this controls their behaviour.

In the West companies with the high share ratings of typical Japanese corporations would be pressed by their investment bankers to embark on takeover sprees.

In the US it is much more common and practicable for shareholders and other interested parties to resort to the courts for protection. Even so, the corporate excesses in greenmail, poison pills, leveraged buyouts and the rest are likely to lead to legislative correction in due course. This is no time for the UK to drift unthinkingly towards a US corporate finance system.



After Botha

Anthony Robinson on South Africa's pending power struggle

NEWS that South Africa's State President Pieter Willem Botha yesterday suffered a "mild stroke" came as his long-beleaguered National Party Government was enjoying its first taste of success since the six-month honeymoon which followed the March 1984 Nkomati accord with Mozambique. At home the white opposition, both right and left, is in disarray; while abroad Pretoria has won grudging recognition for promising independence to Namibia in return for the exodus of Cuban troops and African National Congress (ANC) guerrillas from Angola.

Even before the President's sudden illness a few dark clouds were visible on the horizon. They include a strong whiff of corruption, especially in the homelands, a weakening, inflation-ridden economy faced with a declining gold price and any number of possible unravelling points in the recently agreed Angolan peace process.

But the sense that South Africa was emerging from domestic repression and international isolation fuelled speculation of an early general election. One argument used by those lobbying for an election was that a re-elected government, with a five-year mandate, would be in better shape to tackle the inevitable struggle for the succession to the 73-year-old President.

Up to now the succession struggle has been fought out of the public eye. President Botha's stroke, no matter how mild, brings the issue to the fore.

Before this, the Government was looking forward to profiting from a new sense that the white right-wing backlash spawned by the violent black township revolt and apartheid reforms had run its course. Party leaders, including the President, have sat back and watched with barely disguised glee as newly elected Conservative Party town councils in places like Boksburg and Carletonville have sought to turn back the apartheid clock — only to come up hard against the changed socio-economic status of the once passive and powerless black majority. Black and coloured shoppers have underlined the irreversible economic integration of South African society by using black-owned taxis to take their custom away from white supremacist-ruled city centres.

The political illusions of many poor whites have been shattered by the fall from grace of Mr Eugene Terre'blanche, the leader of the paramilitary Afrikaner resistance movement (AWB). The pro-government Afrikaans language press, in particular, has had a field day gloating over an alleged passionate affair between the blue-eyed, khaki-clad AWB leader and Ms Jani Allan, a columnist on the racy English-language Sunday Times.

The affair, hotly denied by Mr Terre'blanche, has nevertheless been seized upon by the more tight-lipped, Calvinist purists in the organisation. Already outraged by the size of their leader's expense account, his flashy BMW and the cult of personality inculcated by his phalanx of adoring storm troopers, the allegations of other all-too-human weaknesses provided the chance they were looking for to stick in the knife. When, to top it all, the Afrikaans Vrye Weekblad (Independent Weekly) added reports of homosexual passion within the ranks of the movement, the cup of bitterness overflowed.

White right-wing politics will never be the same after these events. They have led to a power struggle within the AWB and cast doubt on the Conservative Party's ability to honour its promise to restore the racial privileges of the Verwoerd era.

But it is not only the white right which is in disarray. Big-business inspired efforts to forge a united "liberal" left as a credible alternative to the National Party have merely revealed the depth of the rivalries between the three parties involved — Mr Denis Worrall's Independent Party, Mr Wynand Malan's National Democratic Movement (NDM) and the Progressive Federal Party under the new leadership of former Anglo American executive Mr Zac de Beer.

The National Party Government, after 40 uninterrupted years in power, may look tired, uninspiring and even corrupt. It may have lost the loyalty of half the *volk* and of many Afrikaner intellectuals and churchmen. But under President Botha the party has lost none of its will to keep power or its instinct for the hopes and fears of middle-of-the-road white South Africans. President Botha must take some of the credit for this. At the very least, he has demonstrated an ability to take tough measures when needed.

The black townships are again under control. Pretoria has stopped snarling at the outside world and started listening again. Reprieve for the Sharpeville Six and the transfer from jail to house arrest of ANC leader Nelson Mandela are two small signs of this.

The decision to cede independence to Namibia is the ultimate proof, and PW is credited with having had the final word. Once the Cubans have gone, South Africa, with its modern army and powerful armaments industry, will be militarily unchallengeable in the region. Without its Angolan bases the ANC has lost the last chance of being able to threaten a "liberation war" to wrest power from whites. On both accounts the pressure on Pretoria looks like easing considerably.

Taken together, these two developments remove Pretoria's old bogeyman — a presumed Communist-inspired "total onslaught." Lingering suspicions of Moscow's new-found enthusiasm for regional solutions remain in military and security circles. But bridge-building with Africa is the new *leitmotiv* of South African foreign policy. After 300 years in Africa the Afrikaners are determined to gain acceptance in black Africa as fellow Africans. They see acceptability to Africa as the key to shedding Pretoria's pariah status further afield.

The momentum created by the Angolan peace process enabled President Botha to travel to Mozambique, Malawi and the Ivory Coast for talks. Mr Pik Botha, his Foreign Minister, has stressed the need for co-operation "with our brother Africans" on every occasion.

The efforts of an impressive team of young foreign service professionals to forge closer political ties are being complemented by rising trade with black Africa, and by South African participation in major investment projects like the Lesotho highlands water scheme and the Botswana soda ash project.

If all goes to plan, the end of the Angolan war could give a big boost to the economies of the region as oil revenue ceases to flow out of the country to finance Cuban troops and Soviet military equipment. South Africa companies are well placed to help reconstruction of the war-ravaged Angolan economy.

What is awaited now is a clear indication as to what Pretoria intends to do with its breathing space. Those looking for the abolition of all vestiges of apartheid and a negotiated transfer of power to the ANC will almost certainly be disappointed. The emphasis is likely to remain on evolutionary change at the socio-economic as well as political levels. The elimination of economic discrimination against blacks and encouragement of black enterprise remains a priority, as does the privatisation of cumbersome state and parastatal companies.

The parliamentary session which begins in February will see an attempt to bring blacks into the Government as deputy ministers. The Government's recent decision to set up a commission to investigate "obstacles impeding the process of negotiations" between it and Chief Mangosuthu Buthelezi, the Zulu leader, is part of a a fresh attempt to set up power-sharing talks with internal black leaders. A vital black precondition remains the release of Mr Nelson Mandela and other jailed leaders and the unbanning of the ANC and other organisations.

There is, however, an important unknown. How will the weakening of the ANC's military wing after its imminent departure from Angola, together with Pretoria's renewed self-confidence, influence the prospects for wider black/white power-sharing negotiations? Real movement here would require the ANC leadership in exile to come up with more modest and more realistic demands than the simple transfer of power. It would also require a government less viscerally attached to the idea of the ANC as a dangerous terrorist organisation.

President Botha has always looked like a hard-liner on the ANC question. The intriguing question now is whether a successor would prove more flexible — though there is no indication at this stage that Mr Botha's health will not allow him to remain in control for some time to come.

Correction: *an article on this page yesterday understated Ireland's exports in 1988. The correct figure is I£ 12bn (£9.8bn).*

BOOK REVIEW

The debris of empire

Pursued by a Bear: The Making of Eastern Europe
By Z.A.B. Zeman
Chatto & Windus, £20

JUST before the First World War, when Lenin was developing the theories on which he was to found his Federation of Socialist Republics, he asked the newest recruit to the Bolshevik Central Committee to write an essay on the nationality problem. He wanted to test the man's intellectual capacity. Stalin passed the test. But not unaided.

Bukharin, who was better versed in Marxist theory, helped him to compose a lucid thesis, which diplomatically echoed Lenin's thinking. Years later, Trotsky, recounting the occasion, remarked that a mind as "plodding and limited" as Stalin's could not have produced anything so original and he recalled a "glint of hostility in Stalin's yellow eyes" at the necessity to collaborate with Bukharin, of whose popularity he was deeply jealous.

Vignettes like this make Professor Z.A.B. Zeman's detailed and penetrating analysis of the partition of Europe and the construction of the nation states of the Eastern bloc a joy to read.

His account of the differing and developing forms of nationalism left behind in the debris of the Hapsburg, Tsarist and Ottoman empires, and the Communist failure to come fully to terms with them is both timely and illuminating.

His fly-on-the-wall views of the last quarrel between Stalin and Lenin casts fascinating light on the present nationality problems in Armenia and Azerbaijan.

Stalin had been allocated responsibility for nationalities in Lenin's first government, and had drawn up a declaration of the rights of the peoples of Russia, which, with hindsight, appears too permissive and self-assured to be credible as his own work. It provided for the right to self-determination, complete secession and the establishment of independent states.

Lenin approved heartily, but within five years the two were clashing over Stalin's plan to subsume the Republics of Georgia, Armenia, and Azerbaijan within the Russian Republic, in the teeth of the strong opposition of the Georgians. Lenin as a Russian advised caution. It was far better, he felt, to overdo rather than underdo the concessions to national minorities. But Stalin, conscious of his position as a Georgian, tried to force the issue — unsuccessfully — and revealed enough of his character to startle the terminally ill Lenin.

"Comrade Stalin, having become general secretary, has concentrated enormous power in his hands," he remarked. "I am not sure that he always knows how to use that power with sufficient caution — I suggest that the Comrades think about a way of removing Stalin from the post."

Stalin's Georgian background enabled him to grasp the fundamental differences between the fluid soft-focus nationalism of the smaller, more backward rural communities of the Caucasus, and the clearly etched national consciousness of the urban communities of the emerging East European nation states, with their historical affiliations to the great cities — Prague, Vienna, Warsaw, Budapest — and their highly developed cultural nationalism. This convinced him of the futility of international revolution.

Hitler's war, Professor Zeman argues, relieved Stalin of any pressure to try to force the pace of spreading Communism. "I am not inclined to the view that a monolithic system was imposed on reluctant populations solely under the auspices of the Red Army," he declares. "In May, 1945, there existed great relief everywhere in Eastern Europe that the murderous war was over, and much enthusiasm to create a better world."

The idealism evaporated quickly, however, as the wartime allies settled down to the division of the spoils, a somewhat squalid exercise in which Stalin was able to outmanoeuvre Roosevelt and push Churchill aside.

Nationalism, mainly in the negative forms of anti-Russian and anti-German sentiments, continued for a long time to play a role in the reshaping of Eastern Europe. There were transfers of population on a massive scale and the virtual disappearance of many German communities.

The post-war revolutions in Eastern Europe were even less broadly based and less deep-rooted than the 1917 revolution, in Professor Zeman's assessment. The close and intricate relationship in which the Soviet Union and its satellites have apparently been locked for the past 30 years has changed far more than the West has realised.

Though the leaders in Moscow have grown more sensitive to events in Eastern Europe, and have had to learn to deal with a new range of problems, many East Europeans still hold up a Western mirror to the Soviet system, he says. But the people of the Eastern bloc are much more self-assured than their parents and grandparents were. And the West should not look for East-West convergence at the end of the present drive for reform within the socialist system, he cautions. To do so is to misunderstand the purpose of the exercise, which is not to emulate the West, but to release the vast creative energy of the East Europeans.

Margaret van Hattem

OBSERVER

Quayle and Castro

■ Dan Quayle may well run into some embarrassment when he makes one of his official trips abroad as Vice President: that is, if no-one gets cold feet and old protocol is adhered to.

The occasion will be the inauguration of Carlos Andres Perez as President of Venezuela on February 2. When George Bush was number two, that was the sort of event he invariably attended, standing in for President Reagan. The ceremony will include a meeting of regional leaders.

There may, however, be a hitch. President Castro of Cuba has also been invited. This has already produced an outburst from Washington's Cuban-born ambassador to Caracas, Otto Reich.

Reich has told the press that his government views any inauguration of a freely-elected president as a "democratic celebration". Castro, he said, did not have much to contribute to the health of democracies anywhere.

The last time Castro was in Venezuela, nearly 30 years ago, he urged large crowds of Communist sympathisers to start a revolution. But the Venezuelan guerrilla movement has long since been soundly defeated, not least by Perez in a previous government. Today, most Venezuelans are likely to view Castro's visit as a celebrity appearance, a curiosity rather than a revolutionary act.

They may not take too kindly to Quayle after all that they have read about him, and the protest by Ambassador Reich which has not gone down at all well. Thus the Quayle trip has not yet been officially confirmed.

Peter Nichols

■ No-one in Italy ever doubted that the late Peter Nichols had a firm grip on the ear of the country's most ubiquitous and influential politician, Giulio Andreotti. Presently Foreign Secretary, and five times Prime Minister, Andreotti gave the opening speech at a commemoration for his old friend at the Foreign Press Association in Rome yesterday. In the last few years they had worked together as editors-in-chief of the magazine, Italy, Italy. Nichols will be most remembered, however, for his work on The Times: one of the longest serving foreign correspondents ever to stay in the same place.

Nostalgic sale

■ Scribner's, the most civilised book shop in New York, is finally closing its doors on Sunday, the only consolation being a bargain sale in the last few days.

The literary shrine, opened in 1913, is another victim of New York's property market, which has made the Beaux-Arts building on Fifth Avenue irresistible to developers. The building once housed both the bookstore and the Scribner publishing house whose authors included Ernest Hemingway, F Scott Fitzgerald and Thomas Wolfe. It was sold in 1984, at the same time that the publishing concern was bought by Macmillan. The Scribners publishing house is now part of Robert Maxwell's publishing empire. Scribner Book Stores was bought by Rizzoli International Bookstores.

In 1987 the property was purchased by a Benetton family holding company, owners of the eponymous clothing chain. Although Rizzoli initially said that the bookstore would remain in place, it later decided that it was too expensive to keep Scribner's at the Fifth Avenue address. A new home for the Scribner's has not yet been found.

New Yorkers fear that the shop's airy, turn-of-the-century interior will be renovated in order to use the space more efficiently. However, Frank Mariani, vice president of the Benetton property company, said that the interior will remain exactly as it is, and that Benetton hopes to replace Scribner's with another book retailer as a tenant.

"I've been breaking into churches again, Father."

Poor chemists

■ Johnson Matthey plc — the precious metals lot, not the bank — has given its name to a new set of laboratories at the Imperial College of Science and Technology. They were formally opened by Peter Brooke, the Chairman of the Conservative Party and MP for the City of London and Westminster, yesterday.

The immediate purpose is to help Professor Sir Geoffrey Wilkinson to continue his research. Wilkinson, a joint winner of the Nobel Prize for Chemistry in 1973, retired from his academic posts last September and is suitably grateful. He remains notably outspoken, however, about what he calls the "grotesquely inadequate" funding for British science, especially at Imperial College.

The chemistry department, he says, has one the highest student-staff ratios in the country: 12.3 to 1. In 33 years he claims he has never had a penny for research from British industry and has given up on British companies. He has been in correspondence with the Prime Minister about it, but she seems to think it is a problem of the division of funds within the University.

Johnson Matthey provided £75,000 to refurbish a set of old rooms. "It means I don't have work in some grotty old lab," says Wilkinson.

He remains a true academic scientist: "Blue skies, free range research and advancing the frontiers not always in a way that is perceived as useful," and he adds that it should not be otherwise. In fact, he is a world leader in new materials and compounds. It was he who discovered the rhodium complex known as Wilkinson's Catalyst. None of that, one would have thought, is remote from practical application.

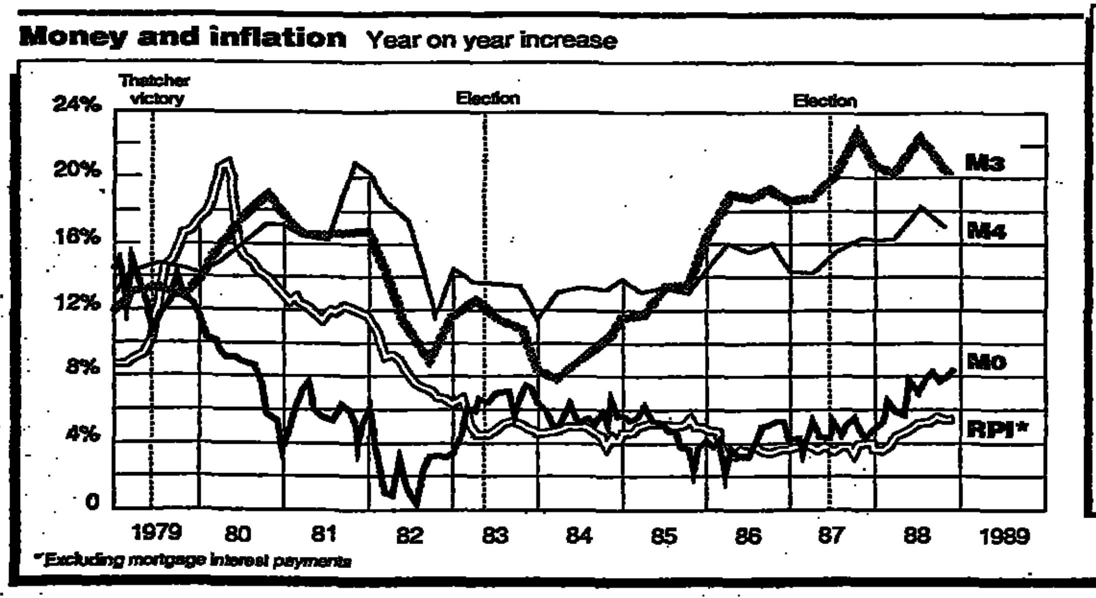
Leisure time

■ Snippets from Social Trends, published yesterday. Cinemagoing is experiencing a revival. The slump that set in during the 1950s reached its trough in the UK in 1984, when there were only 58m visits. By 1987 the figure was to 75m. And 99 per cent of full-time manual workers were entitled to four or more weeks holiday in 1987 — twice as much as in 1961.

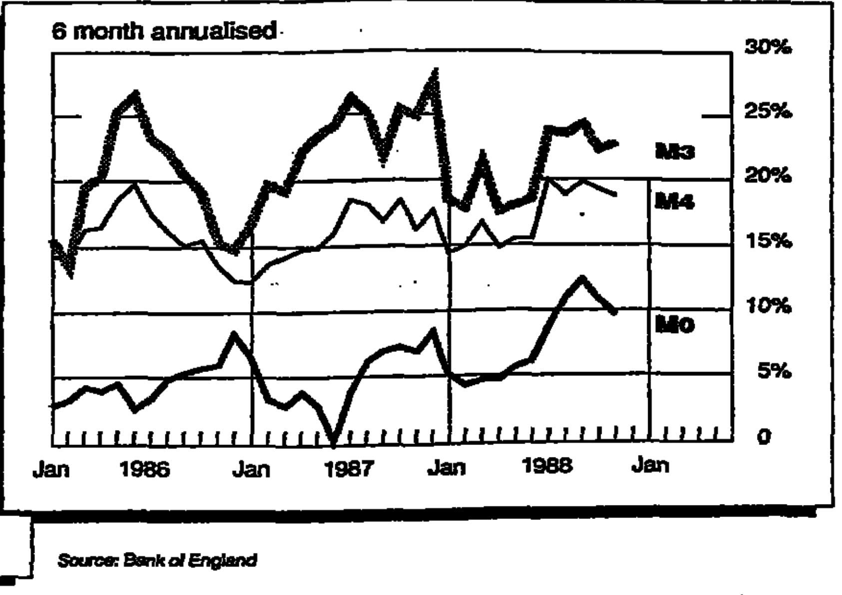
Blooming sorry

■ Sign in West Midlands florists: "Been short-tempered to your wife? Unsay it with flowers."

ECONOMIC VIEWPOINT



*Excluding mortgage interest payments



Source: Bank of England

Monetarism's second coming

By Samuel Brittan

It is quite possible to be a critic of post-war, so-called Keynesian, demand management and believe that inflation has monetary roots not amenable to wage or price controls or other treatment of symptoms, without being a technical monetarist – a polite term for what Denis Healey used to call a "punk monetarist." Indeed, this is my own position, which can be described as classical, counter-revolutionary, "low church monetarist" or by any other words which convey the flavour.

Technical monetarism is a more subsidiary set of ideas, relating to means. It normally states that there is some stable or predictable relationship between some measure of the money supply and total spending or Nominal GDP. Nothing very much depends upon it except how the Chancellor or the Governor of the Bank of England should state some intermediate objectives which the financial markets can monitor.

But because of the resurgence of inflationary pressures at a time when the monetary aggregates have been rising, there has been a resurgence of technical monetarism. How justified is this resurgence?

Many of its proponents, especially in the City, look at too short a time-scale. Even the period since 1979 shown in the chart is too short for the most tentative conclusions. It does, however, coincide with the advent of the Thatcher Government; and a problem about going back earlier is that there was then a specific penalty on the growth of interest-bearing bank deposits, known as "the corset." The effect was to massage the numbers. It is therefore best to start a simple survey in 1979.

Another question is how to judge the impact of monetary change. In the end it seems best to use an indicator of prices for what Nigel Lawson calls "judge and jury" – not least because the claims of technical monetarism are most often both put forward and opposed in terms of their impact on inflation.

There is still, however, the problem of which inflation indicator to use. In the end I fall back on the Retail Prices Index, with mortgage interest removed. The omission of mortgage interest eliminates a lot of erratic movements or "noise", at the cost of slightly understating the average inflation rate of the last few years.

More seriously, the modest upsurge shown in 1988 by the adjusted RPI fails to make allowance for the suppressed inflationary pressures which have been deflected into imports and shown up in the current deficit instead.

There is, however, no way of automatically reading a chart without using common sense and one's knowledge of the history of the period. The same limitation would apply to a more formal econometric exercise, except that the snags would be hidden in the equations.

With these explanations out of the way, we can examine the two topmost lines of the main chart, M3 and M4. These plot what is known as broad money. M3 consists basically of notes and coins plus bank deposits. It is closely related to Sterling M3 which was used for the monetary target in both the Denis Healey and the early Geoffrey Howe period. M4 contains building society deposits as well, which are increasingly treated as money for practical purposes.

The chart shows M4 to be subject to smaller swings than M3. But this does not matter if we take more seriously those swings that do occur. It can be seen that both broad money measures were flashing warning signals throughout 1986-87 as well as 1988. M3 did so flamboyantly and M4 did so in its own quieter way.

But before awarding the victory laurels to the advocates of broad money, anyone with the slightest regard for history will want to look back a little further.

The British Treasury's disenchantment with M3, and broad money generally, goes back to the 1980-81 period. This saw not only a sharp decline in inflation, but the severest recession of post-war history. Yet so far from giving the 18-month warning of these events expected from the monetarist literature, both M3 and M4 had growth rates which remained high above target ranges until the end of 1981.

The boy who cries "wolf" falsely is not believed on another occasion when there really is a wolf; and a like fate was suffered by the broad monetary aggregates. (It was incidentally the experience of the early 1980s which sparked off my own paper, How to End the Monetarist Controversy, which argued for a shift of emphasis from intermediate monetary objectives to more final ones such as Nominal GDP.)

It is not enough to stick to black box explanations, that is explanations which look at statistical regularities without trying to understand them. The Treasury's reason for downplaying broad money was that, in a world of lower inflation and higher real interest rates, as well as financial innovation, people would want to increase the ratio of liquid assets to income, and that there was therefore no inflationary danger in so doing. In monetarist language, velocity was falling.

This explanation may have been true of the early 1980s. Unfortunately, in the latter part of the decade bank credit – which was the counterpart to the increase in deposits – was used, not to purchase financial assets, but to buy property and, above all, houses. People felt richer because of the appreciation of their property; the so-called wealth effect. In addition, parts of what was meant to be mortgage lending was diverted to other consumer spending; so-called equity withdrawal.

These post hoc explanations do not resolve the matter. Who knows whether the next episode of rising broad monetary growth will be more like 1980-81 or 1987-88? Or how should we react to a decline of any hypothetical size in these aggregates in the months ahead?

Before moving on to the Treasury's current favourite, M0, a word about other fancied aggregates. An example is "non-interest bearing M1." This is meant to be a measure of transactions balances, containing only hard core current accounts. Unfortunately, the spread of interest payments and other financial changes have wrought such havoc that the series behaves in a weird and wonderful switchback manner; and it takes an expert manipulator to make anything of it at all.

Thus, we fall back on M0. This is sometimes called the monetary base – a name which misleads monetarists, especially outside the UK. Over 90 per cent of M0 consists of notes and coins in the hands of the public and is not the base of anything. Nor does it cause anything to happen, irrespective of whether the demand for it is interest-sensitive or not. The amount of notes and coins responds to the public demand for cash.

The use of M0 is simply as a spot indicator of Nominal GDP, especially valuable when national income statistics arrive with a considerable lag, as well as being flawed. M0 has basically nothing whatever to do with technical monetarism and is one economic indicator to take its place with the others.

Be that as it may, it performed less badly than the other aggregates over the 1980s. In particular it showed up the severity of the 1980-81 squeeze. But its record is still quite mixed. To take but two examples: M0 gave a completely spurious warning of an inflationary upsurge in 1982-83; and it gave little warning of the present inflationary resurgence.

The contention that staying strictly with M0 would have saved the Chancellor from his so-called error in sticking to a DM 3 sterling objective in early 1988 is repudiated in the inset chart. Here we see that the six-monthly rate of increase of M0, which devotees of that measure asked us to look at then, were actually tending downwards until the March and April figures, published with a month's delay, appeared; and the Chancellor began to increase interest rates in June.

The main chart does suggest that when all the aggregates are falling together, as in the first half of 1982, or rising, as in 1988, they do give clear indications of deflationary or inflationary movements, but by then it is usually too late. It would also be surprising if taking an average of several indicators were to help, unless one had some good theory about their inter-relationship.

The report of the retiring US Council of Economic Advisers, led by Beryl Sprinkel, concedes that the Federal Reserve has had to conduct policy "without a reliable relationship between the monetary aggregates and economic activity;" and the same applies to the UK.

* * *

One short cut in the face of these perplexities is to use an exchange rate target against a low inflation currency. Exchange rate objectives are not an alternative to monetary policy and cannot be achieved by intervention alone. They are simply a set of guideposts against which monetary policy can be set.

There has been no space to show how a sterling indicator compares with the domestic monetary ones. The movement of either the sterling index, or sterling against the D-Mark, indicates clearly the main turning points (although it would be highly misleading for fine tuning, which is in any case not possible).

Sterling gave a very clear indication of the severity of the 1980-1981 squeeze when it shot up above DM 5. It then embarked on a prolonged fall to reach DM 2.8 in early 1987, just before the Louvre Accord. The rise that has since taken place is pretty modest by comparison. Lawson's error, if there was one, was not to halt sterling's decline at, say DM 3.5, because of the erroneous prevailing belief that the oil price collapse required and justified an offsetting sterling depreciation.

If the UK links sterling to the D-Mark, the rate of inflation for traded goods will approximate to the German rate. This would have happened eventually even at the former DM 3 target, after a period of domestic turbulence reflecting events in the housing and credit markets. The approximation will occur more quickly with sterling in the DM 3 to DM 3.3 range.

Crédit Suisse correctly points out that, in contrast to 1980, UK profit margins are at a record, and the economy can absorb the pressure from a high exchange rate without any investment slump or other catastrophe.

But this still does not mean that the sky is the limit or that it would be anything other than ridiculous to follow M0 slavishly, irrespective of sterling.

The Crédit Suisse authors, under the influence of an over-romantic view of Sir Alan Walters as economic dictator, foresee a long-term appreciation of sterling. The argument is based on the influence of the non-traded sector – dominated by services – where measured productivity rises more slowly. Mere stability of sterling against a zero inflation currency would produce an overall inflation rate averaging around 3 per cent. This is better than anything the UK has managed to sustain.

If the Government wishes to do better, by all means let it try. Such an attempt is still consistent with an exchange rate policy but one that would require an average annual appreciation of 3 per cent against the D-Mark. If you believe that this is the outlook, even allowing for the D-Mark's present relative weakness, you will believe anything.

The general conclusion that emerges is the need for a nominal framework rather than strict adherence to particular monetary relationships, which are likely to break down. There can be a framework that gives some weight to the exchange rate and some to Nominal GDP. Problems arise – and market participants start to behave like rats in a maze – when the nature of the mix is unclear and depends on the balance of personalities at the top of the Cabinet.

LETTERS

In deep waters

From Mr C.G.B. Turner.

Sir, The December 30 statement by Mr William Courtney, chairman of Southern Water, "quoting" views expressed in the 1986 report of the Monopolies and Mergers Commission (MMC), like other recent "quotations" by Southern Water is not in accordance with the facts.

Mr Courtney, having expressed the view that "customers would benefit more from a closer association of the water companies with Southern than from them being acquired by outside interests," then goes on to say: "a view reinforced by the conclusions of the MMC 1986 report." The MMC expressed no such view, as of course no question of "acquisition by outside interests" was in question at that time.

What the MMC's report (paragraph 2.38) said was: "Southern Water Authority (SWA) estimated for us that in its view annual savings of some £5m to £6m (out of total costs of some £90m on water supply for SWA and the companies together*) would be possible if it assumed the responsibility for water supply over the whole region. While this figure appears not implausible, we have been unable, as we have noted, to test it in detail or give time to the companies to contest it.

"There would no doubt be transitional costs and we are aware that expected economies of this kind do not always accrue in practice. Our tentative conclusion is that some worthwhile economies might be obtainable from giving SWA full responsibility for water supply in the region, but these would need to be measured against what might still be strong local preferences for retaining the companies."

* This statement refers to no fewer than six different companies. It is surely a clear indication of the reliance that can safely be placed on the statements of Southern Water, and an excellent reason for Eastbourne Water shareholders to ignore the gratuitous advice offered in the press announcement.

C.B.G. Turner,
Eastbourne Water,
14 Upperton Road,
Eastbourne, East Sussex.

'Fortress Europe is a myth'

From Mr Horst Krenzler.

Sir, There are certain myths which, even if already decisively rejected, tend to resurface, either in their initial form or in a new shape. One concerns the alleged unfairness of the European Community's dumping calculations.

The allegation is made that the EC's methodology does not make economic sense, and is biased against the exporter. The spectre of a Fortress Europe, with ramparts facing Asia, is being evoked. This is, of course, a misrepresentation of EC anti-dumping policy.

Contrary to what is alleged, the Commission's anti-dumping legislation is not manipulated according to the exporting country involved. It is applied uniformly in all cases, irrespective of whether the exporter is in Asia, North America or elsewhere. It has now been applied for 18 years.

Since 1980 more than 390 anti-dumping investigations have been opened, of which 27 have concerned Japan. There have only been four proceedings (ball-bearings, electronic typewriters, photocopiers and printers) where significant duties have been imposed, and in three important cases (titanium, microwave ovens and cellular mobile radio telephones) no action was taken.

The value of trade for all products affected by all anti-dumping duties imposed against Japanese imports was negligible in 1980, and amounted to approximately 2 per cent in 1987 and the first half of 1988. During the same period, exports from Japan to the EC have continued to increase, from Ecu (European units of currency) 14bn in 1980 to Ecu 35bn in 1987.

Is this the practical evidence that warrants the allegations that the EC is constructing a Fortress Europe with its ramparts facing Asia, or that anti-dumping is now the centre of Far East trade policy?

The astounding allegations made in recent articles in, and correspondence with, your newspaper should not be allowed to distort the reality of the EC's dumping policy. As former EC Commissioner Willy de Clercq has already explained ("Fair practice, not protectionism", November 12), it is incontestably by far the most liberal of all world trading groups. Criticism is being particularly concentrated on one aspect of EC methodology; the treatment of those situations where the exporter is selling through a legally independent but economically related subsidiary within the EC.

In most anti-dumping proceedings, including those involving Hong Kong, Taiwan, Brazil and state trading countries, this problem is not encountered. Where it has been – as in the consumer electronics sector – it has frequently had little or no impact on the eventual level of imposed anti-dumping duties.

This is because of the particular feature of the EC's anti-dumping policy which generally does not apply duties corresponding to the full margins of dumping found, but limits the amount of duty to a level sufficient to remove the injury caused to the EC industry.

This has led to duties being imposed at levels lower than the calculated dumping margins in practically all the anti-dumping proceedings concerning Japan.

I do not wish to bore your readers with a description of the EC's calculation procedures of dumping, or the presentation of an ingenuous diagram. Nevertheless I must comment on the technical aspects of the allegations made against the EC's methodology.

The first argument made is that no dumping should be found when a Japanese producer markets its product at identical prices in both Japan and the Community.

This idea ignores simple economic sense and the Gatt (General Agreement on Tariffs and Trade) definition of dumping.

Economically speaking, dumping occurs where a producer, because of a certain isolation of his market, indulges in price discrimination between his domestic and foreign customers. Any such price discrimination cannot be measured by comparing price levels on two totally different markets. In fact, the conditions of competition prevailing on these markets – which may be separated by great distances – can vary substantially, because of different structures, distribution and taxation systems.

For this reason, Article VI of the Gatt states that dumping occurs where the domestic price (or cost of production) of a particular product is higher than the price for a like product, not when imported into the country of destination, but when exported from its country of origin.

It follows, therefore, that the point of comparison of prices is the exporter's factory gate rather than the premises of the buyer in either Japan or the EC. Because substantial costs may be incurred between exportation and importation for ocean transport, insurance, handling, customs duties and so on, the fact that prices are identical in Japan and the EC would be an indication that dumping was taking place.

The second argument is based on the idea that marketing companies established by a producer on the Japanese market and in the EC should be granted equal treatment.

The idea might well appeal to a layman, but this does not compare like situations, because a marketing company in Japan assumes the functions of the producer's domestic sales department, whereas what is euphemistically termed the marketing company in the Community assumes the functions of an importer.

Those who allege that there is biased treatment in the EC's methodology ignore the fact that different situations require different treatment.

Whether goods are sold on the Japanese domestic market through the producer's sales department or through a related marketing company makes no difference to the representativeness of the prices charged. When the Japanese producer changes from selling to an independent importer to a related marketing subsidiary in the EC, the transaction is then based on transfer price, which is not reliable for a determination of an arms-length sales price, and therefore the basis for determining the export price to the EC must be changed.

Let me make one final remark, about your recent coverage of anti-dumping matters. It is a great pity that when the EC authorities terminate anti-dumping proceedings against Asian countries without the imposition of any measures – such as the cellular mobile radio telephone and microwave oven proceedings last December – no equal prominence is given when, for example, a duty is imposed on videotapes and cassettes from Hong Kong.

Horst G. Krenzler,
Director-General for External Relations, Commission of the European Communities,
Brussels, Belgium.

FINANCIAL TIMES
Thursday January 19 1989

S African power struggle looms after Botha's stroke

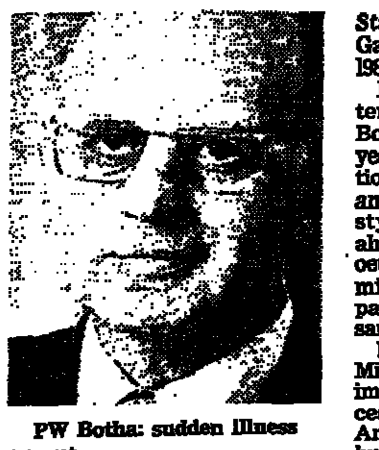
By Anthony Robinson in Johannesburg

SOUTH AFRICA faces an intensified power struggle inside the ruling National Party following the "mild stroke" suffered by President Pieter Willem (PW) Botha yesterday.

The 73-year-old President was reported to be in a "stable" condition in a Cape Town military hospital last night after suffering what doctors called a "mild stroke" early on Tuesday morning.

The constitution provides for the President or the Cabinet to appoint an acting President in case of illness or other incapacity but no such decision had been taken last night.

The President's sudden illness is expected to intensify backstage manoeuvring over his eventual succession, given the absence of a clear heir-apparent.



PW Botha: sudden illness

He was elected Prime Minister of the ruling National Party Government in September 1978 and became the first executive State President with quasi-Gaullist powers in September 1984.

It was not clear before yesterday's stroke whether Mr Botha, appointed for a five-year term, would seek re-election later this year. But his age and increasingly autocratic style of government had already led to backstage manoeuvring among senior cabinet ministers jockeying for the party caucus support necessary for election.

Mr Pik Botha, the Foreign Minister, is believed to have improved his chances by successfully steering the recent Angolan peace negotiations but other front-runners include Mr F.W.de Klerk, the conservative Transvaal party boss and his Cape counterpart Mr Chris Heunis, the Minister for Constitutional Affairs. Outsiders include Mr Magnus Malan, Defence Minister, and Mr Barend du Plessis, Minister of Finance.

Mr Heunis is the senior ranking cabinet minister who stood in for the President while he was out of the country making his recent visit to Europe and various African capitals. In theory he should be the first choice as acting president if necessary.

Under the 1984 tri-cameral constitution general elections in all three of the racially-segregated houses of parliament must be held before April 1990. Before his illness Mr Botha was under pressure to call early elections this year to take advantage of the disarray in white politics and the recent Angolan peace settlement.

Mr Botha's press spokesman last night denied that the President had suffered previous strokes or heart attacks. But doctors are expected to order him to slow down or take a period of convalescence although the stroke occured only days after he returned to work from a month-long Christmas vacation.

He was due to meet the cabinet of Namibia's transitional Government on Friday to discuss latest moves towards Namibian independence under the terms of UN Resolution 435, and address Parliament at its opening session.

It was not clear last night whether he would be able to attend either of these important functions or chair the normal weekly cabinet meetings.

After Botha, Page 14

Belgium lures international motor giants

Tim Dickson reports on the surprising size and strength of the country's car industry

A FORD executive who worked at the company's Genk plant in north-east Belgium during its early days recalls the social and political instability in France and Belgium in the early 1960s when the original choice of location was made.

"Henry Ford arrived in Genk and found to his surprise a quiet, conservative, and highly (Roman) Catholic people who, by contrast with the unrest elsewhere, were just getting on with their lives," he said.

Ford's decision this week to switch most of its British production of the Sierra model from Dagenham in southern England to Genk provides a welcome boost for the struggling, formerly coal-dependent Flemish town. It also highlights the generally unrecognised size and strength of the Belgian motor industry.

A total of 1.1m cars, roughly 10 per cent of total European production last year, was assembled in Belgium. Between 90 and 95 per cent of them were sold for export, representing 15 per cent of the country's trade. And more than 30,000 people were directly engaged in their manufacture, with thousands more indirectly reliant through subcontracting and other services.

The key manufacturing companies are the big multinationals – Ford with its plant at Genk, General Motors at Antwerp, Volkswagen and Renault in Brussels and Volvo with its car and truck operation at Gent. Van Hool, LAG Manufacturing Company, and Carrosserie Jonckheere, all of Belgium, are important players in coaches and trailers, but only three locally owned car companies – Apal with its buggy and Van Clee and Drucko with their highly specialised products – keep the home flag flying.

It was not always so, as the Belgian lion which is the emblem of the French giant Peugeot testifies. Belgian engineering ingenuity, in the persons of Frederic de la Hault and d'Heyne de Nydpruck, was responsible for developing a three-wheeled vehicle before 1900. Not long after, local companies such as the celebrated Fabrique Nationale (FN) and Minerva (among whose salesmen was the original Mr Royce of Rolls-Royce fame) were turning out cars on an industrial scale.

At the 1907 Brussels car show, 20 local manufacturers had models on display. In the same year, half the cars sold throughout Belgium were of Belgian origin.

Lack of investment in new technology – the result perhaps of generous protection against cheap imports from the US – is cited as one of the reasons for the subsequent decline between the two world wars.

HOW BELGIUM'S BIG FIVE COMPARE (1987)	Vehicles assembled	Employees
General Motors	393,724	10,529
Ford	334,389	11,044
Volkswagen	210,582	5422
Renault	155,650	3826
Volvo	102,000	4600

Source: Febiac

Just as FN was completing in 1960 what turned out to be the last important cars contract by a Belgian business, however, a new era of multinational assembly was already getting under way.

Belgium's motor industry tradition – the technology as well as the skills – undoubtedly played a significant part in attracting the likes of Ford and General Motors, although other factors were at work.

The location of the port of Antwerp (where GM had set up in the mid-1920s), generous tax incentives provided by the Belgian Government, the country's geographical situation at the crossroads of Europe and its marked neutrality and openness also played a part.

Belgium's wide and well built motorways – now backed up by one of the most advanced electronic systems for linking plants with customers – are still seen as key competitive advantages in the grim fight for European market share.

Above all, however, manufacturers in Belgium stress the attitudes and skills of the workforce in the Flemish half of the country, which so influenced Henry Ford.

The adaptation of the many former coal miners in the region brought its ups and downs to a plant which pioneered the electrocoating process in Europe in the mid-1960s and which has grown to provide jobs today for more than a third of the 30,000 working people in the town.

This week's announcement by Ford Werke, Genk's West German parent subsidiary, that it will now be seeking far-reaching changes in labour practices at the assembly plant, will be a test for Belgian flexibility.

The experience of General Motors at Antwerp should at least provide encouragement for local Ford management. Last August GM successfully amalgamated its two production centres in the town, introducing six-days-a-week, 20-hour production through a new 11-day working cycle of longer shifts but fewer hours. Assembly workers do a cycle of two four-day weeks, followed by one three-day week.

Belgium's legislation on flexible working – allowing companies the possibility of night and weekend shifts, as well as seasonal patterns of production – is among the most attractive of its kind in Europe.

But while GM's spokesman concedes that the laws have been a help, he believes that the largely co-operative attitude of the unions and workforce has been a key factor.

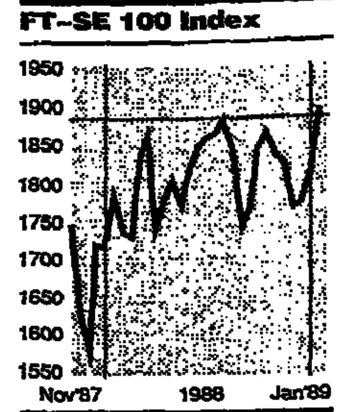
"Belgium has a lot going for it but there are also disadvantages with the small home market and the traditionally high labour costs. I think there is an awareness here as 1992 approaches that we have to compensate for these with things like flexibility, good delivery times and an atmosphere of social and labour stability."

THE LEX COLUMN

A late arrival in London

With Tokyo notching up a fresh peak virtually every other day and Wall Street repeatedly at new post-crash highs, the sight of London finally breaking into new ground is hardly a surprise. Nevertheless, the event is not without its significance. The FTSE-100 has been trying to break above 1880 for nearly a year now, and every time has fallen back sharply. This time it has broken through decisively, and given the institutional liquidity piling up on the sidelines some fund managers must be worried that they are going to miss the action.

FT-SE 100 Index



It is easy to explain why London has been rather slow to join in the global rally. Whereas other countries are only worried about the possibility of inflation and economic overheating, the UK has been wrestling with the reality for several months, and the severity of the monetary squeeze was bound to keep equity prices subdued. But given the performance of other financial markets and property, London equities have been getting relatively cheaper, and it does not require a great leap of faith to justify current levels.

The key question now is whether UK equities can continue to outperform if the rest of the world's equity markets begin to come off the boil. The market wants to believe that 13 per cent base rates are curbing inflation and domestic demand, and if today's UK average earnings figures and tomorrow's bank lending figures support this view then equities could go higher in the short term.

Indeed, if the UK really can force inflation below 5 per cent, repair its chronic balance of payments problem and still grow at 3 per cent plus per annum, then equities deserve to go considerably higher. However, this happy combination of events remains a long shot. London also has to prove that it can decouple from Wall Street, which was showing remarkable insouciance yesterday in the face of another set of disappointing trade figures.

Ladbroke/Thomson

It is all very well for Ladbroke to boast that it never overpays for assets, but in making yesterday's marginally higher offer for Thomson T-Line final it risks losing a deal that has great business and strategic advantages. Ladbroke is betting – with good odds – that a rival offer will not emerge, given the trouble that Thomson T-Line has had so far in finding a rescuer. The danger is rather that 90p may be low enough to allow the victim to escape unaided. On Ladbroke's sums, which assume a conservative £55m for all the unwanted bits, it is paying a multiple in the high teens for the football pools business. But on other assumptions the price is no higher than Thompson itself paid for Vernons a year ago, which would make the deal a snip for Ladbroke, even before the promised efficiency gains are taken into account.

The management of Thomson T-Line has done nothing to endear itself to its shareholders recently, but they may nevertheless be reluctant to sell at a loss. The fall in the share price should the bid fail may not be as bad Ladbroke claims; after all, the price was as high as 80p before the whole business with Suter began.

Small companies

Not only are small companies in the UK still outperforming the market, it seems, but they are getting relatively cheaper. According to Hoare Govett, small companies again produced a total return last year 5 per cent higher than the All-Share index. The new feature is that their average p/e premium fell from 26 per cent to 12 per cent in the course of the year, as the result of a remarkable 30 per cent burst in earnings growth which left dividend cover at its highest relative to the market for a decade.

It might be thought that dividends were irrelevant here, on the grounds that small companies are a speculative bet rather than a source of income. But over the past 10 years, it seems, dividends from the Hoare Govett Smaller Companies Index (HGSC) have gone up twice as fast as the All-Share, with an extraordinary burst of 17 per cent on average – 12 per cent real – over the past five years. Delving back to 1955, it appears that £1 invested in the HGSC – with dividends re-invested – would now be worth £50 real, compared with £8.30 for the All-Share and a pitiful £1.10 for long gilts.

Cashing in on this takes a certain amount of work. The HGSC takes in the bottom 10 per cent of companies by market value, the cut-off last year being £112m. Since performance seems to dwindle uniformly up through the size bands (the FT-SE did 2 per cent worse than the All-Share last year), companies should presumably be sold as they get bigger. On average, it is suggested they should be sold when three times the size of the cut-off, beyond which point the extra return will not cover the cost of dealing. In theory, all this could be taken care of by strict indexation across the whole market; but if everyone did that, the small company effect would presumably vanish entirely.

Apricot

Every stockbroker should have been able to predict that these would be thin times for companies supplying the City with software, so the market had no business being surprised yesterday at Apricot's warning of lamentable demand from its financial customers. Instead, the 15 per cent fall in the share price has more to do with the problems it is apparently having in getting hold of components for its PCs. While it is entirely likely that shortages exist – Amstrad has suffered from a similar complaint – the coincidence of the two problems must make one a little suspicious that there may also be a third, more worrying concern. Indeed, it is possible that demand for PCs is proving weaker and margins tighter than many of the manufacturers had thought, a story consistent with Apple's 25 per cent price cuts announced earlier this week, and with weaker demand experienced by Intel.

Even if such doubts are groundless, Apricot's announcement proves – not for the first time – the difficulties of being a small specialist manufacturer in such an accident-prone industry. By contrast, yesterday's 10 per cent increase in IBM's annual profits shows the advantages of not having all one's eggs in a single basket.

Appeal judges study Harrods acquisition

By Raymond Hughes, Law Courts Correspondent, in London

A BRITISH Appeal Court judge suggested yesterday that the 1985 acquisition by the Al Fayed brothers of House of Fraser, the Harrods department store group, could be investigated by both the Serious Fraud Office and the Monopolies and Mergers Commission.

Lord Justice Dillon said an SFO investigation could lead to prosecution, but an MMC inquiry was the only route to an order for disinvestment if the merger were held to be against the public interest.

"Why take one route and not the other?" he asked.

The appeal court is hearing a challenge by Lord Young, UK Trade and Industry Secretary, to High Court rulings on Tuesday that he refer the acquisition to the MMC and reconsider his decision not to publish his inspectors' report into it until the SFO decides if there are grounds for prosecution.

The orders were made in proceedings by Lonrho, the international conglomerate, which disputes the legality of Lord Young's decisions.

Lord Justice Dillon said the previous Trade Secretary had decided not to refer the acquisition because it had appeared the Al Fayeds had ample means and there was no special reason for a reference. Lonrho had since claimed the buyers had misled the minister.

Lord Young had, as a result, appointed inspectors, sent their report to the SFO, and deferred publication.

"In those circumstances can he simply brush off, without any explanation, his refusal to refer and simply say 'I don't see any point'?" Lord Justice Dillon asked.

Mr John Mummery, for Lord Young, said there had been no brush off. It was for Lord Young to decide whether there should be a reference.

Lord Justice Stocker said that if there were a reference the MMC might conclude something was wrong or that there was nothing in it.

"If they come to the latter conclusion no harm is done; if they come to the former the sooner they start looking at it the better," the judge suggested.

The hearing continues today. Judgment is expected tomorrow with the possibility of a final appeal to the House of Lords on Saturday.

Ex-London subway chief to join Eurotunnel

By Kevin Brown and Andrew Taylor in London

MR Tony Ridley, the former chairman of the London Underground railway, was yesterday appointed joint managing director of Eurotunnel, the Anglo/French Channel tunnel consortium.

Mr Alastair Morton, Eurotunnel's joint chairman, said Mr Ridley was "probably the most experienced mass transportation construction engineer in the world."

Mr Morton said he had no qualms about the public relations impact of appointing Mr Ridley, who resigned from the Underground after the publication of an official report into the deaths of 31 people in a fire at King's Cross station.

"The most informed observers of what happened at King's Cross saw a great many plusses in Tony Ridley's activities at the London Underground," he said.

Mr Ridley, who has been a non-executive director of Eurotunnel for 15 months, will be responsible for liaison between Eurotunnel and Transmanche-Link (TML) the Anglo-Frennch consortium of 10 companies which is building the tunnel.

Mr Morton also announced the appointment of Mr Alain Bertrand as joint managing director in charge of developing the design and development of the railway system which will operate through the tunnel.

Brussels farm policy

Continued from Page 1

Council."

Giving the background to the latest decisions, Mr MacSharry pointed out that farm incomes in the EC had increased in real terms last year by between 1 and 1.5 per cent. Incomes in West Germany, Spain and Ireland had increased by more than 10 per cent, though UK farmers experienced a 10 per cent cut.

He stressed that some of the forecast budgetary savings for this year were exceptional and that recent buoyant world market prices, caused in part by the drought in North America, "are not likely to be repeated."

The Commission calculates that the impact of the price measures it has proposed – excluding the effect of "stabilisers", a price penalty imposed for over-production – would be a decrease of 0.2 per cent in Ecu terms and an increase of 0.7 per cent in terms of national currencies. The difference is explained by the proposed adjustments to "green" currencies, which are used to convert common Ecu prices into national money. The proposals should have a broadly neutral impact on the EC agricultural budget, generating small savings in 1989 of around Ecus 31m ($34.4m) and additional expenditures in 1990 of a little over Ecus 50m.

The package proposes a reduction of the annual period when the EC guarantees to buy cereals, oilseeds and protein products to four months by the 1990/91 marketing campaign.

● The European Parliament came a step nearer to ending 30 years of nomadic existence by voting to transfer key staff to Brussels, David Buchan writes from Strasbourg. Brussels may thus one day become its single seat.

AT&T refuses backing

Continued from Page 1

a firm commitment to the venture, which it would have to disclose under US securities legislation.

In other developments yesterday:

● The Office of Fair Trading said it was examining two large joint ventures formed by GEC of the UK over the past month with CGE of France and GE of the US. Lazard, Plessey's merchant bank, claims the deals diminish the value of shareholdings.

● GEC advisers said there had been a dispute with Plessey at the Takeover Panel over whether GEC/Siemens' 15 per cent stake in the smaller electronics company should be disenfranchised in the event of Plessey needing shareholder support to take part in a bid for GEC.

● The GEC advisers said it was unlikely that the company would have to call an emergency meeting to ask for shareholders' approval for its deal with CGE, because it had announced the venture before Lazard indicated that it might bid for GEC. GEC is holding a shareholders' meeting today to get approval for its proposed acquisition of Plessey.

● Mr Sidney Lipworth, the MMC chairman, said his commission would not engage in plea-bargaining over the GEC/Siemens deal. GEC has indicated that it would be willing to sell off parts of Plessey's defence business to overcome objections within the Ministry of Defence to the deal.

● Mr Lipworth also said it could examine GEC's deals with CGE and GE only in so far as they affected the GEC/Siemens deal. An additional referral from the Government would be needed for the MMC to look at them in their own right.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	S	12	54	Malta	F	16	61	Rhodes	S	17	63
Algiers	C	14	57	Edinburgh	C	06	43	Manchester	F	05	41	Rio de J'o	C	36	97
Amsterdam	C	08	46	Faro	S	15	59	Manila	C	28	82	Rome	C	14	57
Athens	F	16	61	Florence	C	11	52	Melbourne	S	18	64	Salzburg	C	02	36
Bahrain	F	15	59	Frankfurt	C	03	37	Mexico City	F	24	75	San Francisco	F	16	61
Bangkok	F	33	91	Funchal	S	17	63	Miami	C	26	79	Seoul	R	03	37
Barcelona	C	08	46	Geneva	C	03	37	Milan	Fg	00	32	Singapore	R	28	82
Beirut	F	16	61	Gibraltar	C	15	59	Montreal	Sn	02	36	Stockholm	F	02	36
Belfast	C	05	41	Glasgow	C	07	45	Moscow	C	03	37	Strasbourg	C	02	36
Belgrade	C	06	43	Guernsey	F	09	48	Munich	S	02	36	Sydney	C	27	81
Berlin	C	07	45	Helsinki	F	03	37	Nairobi	F	24	75	Taipei	F	26	79
Biarritz	S	08	46	H. Kong	F	21	70	Naples	S	11	52	Tangier	F	17	63
Bombay	S	27	81	Innsbruck	C	01	34	Nassau	F	28	82	Tel Aviv	F	29	84
Bordeaux	S	05	41	Inverness	C	08	46	New Delhi	F	20	68	Tenerife	F	19	66
Brussels	C	07	45	Islamabad	F	18	64	New York	C	09	48	Tokyo	F	12	54
Budapest	C	04	39	Istanbul	F	12	54	Nice	C	11	52	Toronto	C	02	36
B. Aires	R	36	97	Jakarta	C	31	88	Nicosia	F	17	63	Tunis	F	16	61
Cairo	F	17	63	Jersey	F	08	46	Oporto	S	12	54	Valencia	F	11	52
Cape Town	S	30	86	Jo'burg	F	23	73	Oslo	C	07	45	Venice	Fg	01	34
Caracas	C	23	73	Lima	F	26	79	Paris	C	05	41	Vienna	C	05	41
Casablanca	S	18	64	Lisbon	F	16	61	Peking	C	03	37	Warsaw	C	08	46
Chicago	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]	Washington	[illegible]	00	32
Cologne	[illegible]	[illegible]	[illegible]	London	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	02	36
Copenhagen	[illegible]	[illegible]	[illegible]	Los Angeles	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]				
Corfu	[illegible]	[illegible]	[illegible]	Luxembourg	[illegible]	[illegible]	[illegible]								
Dallas	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]								
Dublin	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]								

Readings at mid-day yesterday
[illegible]

Bonn had evidence of link with Libya

Continued from Page 1

a criminal investigation into the company.

Also in June 1988, the US presented evidence against Imhausen-Chemie, which was the first firm to be named when the US Administration began leaking to the press in December, having apparently failed to jolt the Government into action through official channels.

Imhausen was not publicly investigated until earlier this month and was then cleared. Subsequently the state prosecutor in Offenburg decided to open a criminal investigation.

In July 1988, Mr Schäuble continued, a new report by the German intelligence services named IBI Engineering, the firm controlled by Iraqi businessman Mr Ihsan Barbouti which acted as a conduit for many German products. It also named Imhausen and Pen Tsao Materia Medico Center of Hamburg.

However, Mr Schäuble admitted that it was not until January 5 this year that the intelligence services uncovered the first evidence that could be used in court.

The state prosecutor in Frankfurt yesterday announced he was opening investigations into Mr Horst Koerbler, ex-managing director of IBI Engineering.

In the past two days more West German firms have acknowledged exporting chemicals to Libya. Merck, the chemical firm, said it shipped 19 tonnes of Diclorethane last April to Tripoli.

A West German shipping firm, Rhein-Maas-Seekontor, has also admitted carrying 60 tonnes of phosphortrichloride, which is a key ingredient in mustard gas, to Tripoli.

ACCOUNTANCY COLUMN

Growing pains cause distress for Andersen

By Richard Waters

WHEN a chief executive and his entire board resign it is usually a sure sign that an organisation is in trouble. Not so with Arthur Andersen, the world's second largest accountancy and consultancy group.

Mr Duane Kullberg and his 18-man board, who stepped down en masse at the beginning of this month, were the victims of Andersen's success, not failure.

Their successors, to be elected within two months, will stand or fall by their ability to handle the pressures that come from running a rapidly growing, highly profitable \$2.8bn (£1.6bn) international business.

Andersen has grown giddily on the back of its information technology specialisation, but failed to adapt its organisation to match its new skills. The problems erupted publicly in resignations of senior consultants last year.

Also, and less publicly, Andersen's centralisation in the US has been causing dissent. Although legally based in Switzerland, Andersen has always been firmly controlled from Chicago, and non-US members of the international partnership have begun to baulk at this.

The firm's leaders have failed to notice how the international balance of their organisation has shifted, complain those far from the centre: more audit business is now done outside the US than within it; more audit work is referred into the US from elsewhere than is referred out from the US (such flows of referred work are one measure of the dependence of one part of a firm on another); and consultancy income outside the US will probably exceed that earnt within it for the first time this year.

As a result, the centre of Andersen has shifted from its traditional core partners – US accountants. According to Mr Don Hanson, a British accountant on the old Andersen board, the firm has now more than compensated for failing to recognise this before.

"Americans may sometimes be slow to notice developments outside the US, but when they do, they go overboard to recognise it," he says.

Recognition has come in the form of a new composition for the board and a new structure to allow the different parts of the business, and the different geographical regions, more control.

The new board will symbolise this. US accountants occupied eight of 18, or almost half, of the seats on the old board: they will have only five members on the newly-elected 24-person board.

The rest will be divided by region and by discipline, giving consultants, accountants and tax advisers from different regions their own board representation. This is intended to protect the interests of minorities within the firm.

"We have got away from the oppression of the majority," says Mr John Skerritt, a member of the 15-member task force set up last autumn to devise Andersen's reforms.

But will the new arrangements solve Andersen's problems, and will they become the model for other firms, as Andersen predicts?

This will depend on a number of factors, which include:

- **The ability of the new chief executive to mediate between the diverse interests in the firm.**

Mr Kullberg, who has held the job for almost 10 years, has attempted to rule by consensus.

The fact that a man with great diplomatic skills, who was widely respected by his fellow partners, but who has nevertheless failed, bodes ill for his successor.

If anything, the job will be harder: the next chief executive will have below him a new head of consultancy and a new head of accounting, each with almost total control over their respective parts of the business. The overall leader will be balanced precariously between the two.

- **The success with which Andersen manages to retain its common culture and way of doing business as it decentralises.**

Andersen has benefited from being one firm. Since its staff go through the same training, they work easily with their counterparts in other countries.

This makes it easy to staff international assignments or to shift people from one country to another to meet short-term needs. It also gives the firm its unique image, which is a far stronger "brand" than that of other accountancy firms. Andersen's partners want to keep the "one firm" atmosphere but to have more control over their own part of the business.

Other accountancy firms are attacking this same problem from the opposite direction, attempting to build more unified international structures and cultures on to networks of diverse national firms.

- **The ability to balance the interests of the different parts of the firm.**

Accountants and consultants will each have more self-determination, reducing the scope for conflict between the two groups. However, having the two operating as independent businesses under the same umbrella could have hidden dangers.

For instance, what happens if they start to compete? Each side is likely to have the same ambition, to seize the high ground of strategic advice. This would give them the ear of the chief executive of a client company, and is therefore the key relationship any professional adviser seeks to develop.

The accountants from their side will aim to offer advice on business strategy, while the consultants will offer advice on systems strategy. At some point these efforts will overlap: the ability of the chief executive to mediate at such times will be crucial.

A further problem arises when the commercial interests of the two sides conflict. The US Securities and Exchange Commission, for instance, does not allow consultants to go into joint ventures with companies audited by their partners. For Andersen, or any other accountancy firm, this may inhibit joint ventures on large computer consultancy contracts, which are becoming increasingly common: the firm must decide whether to drop the audit to take on the consultancy work, or to continue the audit at the expense of the consultancy.

Making such a commercial decision will not be easy when the interests of accountants and consultants are diametrically opposed.

- **The ability of Andersen to finance its development in the future.**

Like other accountancy firms, Andersen claims to have a relatively under-geared balance sheet. This policy is intended to leave a cushion for lean years, allowing partners' incomes to be maintained if necessary out of their own capital if times get hard.

However, a number of forces are likely to put an increasing strain on that capital: rapid growth over a number of years is beginning to eat into working capital; Andersen is starting to move into capital-intensive industries (like facilities management, which involves taking on and running a customer's entire computer facility); and consolidation in the information technology market – this could force Andersen into a race for growth involving acquisitions of other businesses.

Andersen's partnership agreement also allows it to raise only half as much debt as its outstanding partners' equity. This rule is expected to be relaxed to allow borrowings to equal equity.

And financial pressure is likely to force Andersen's consulting group to take in outside equity. At that time, the firm will face its biggest problem of all: how does it sort out the ownership of the different parts of the business when the partnership as a whole currently owns it all?

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Operating as a key member of the senior management team you will report directly to the Chief Executive. You will have a challenging role – planning and co-ordinating all financial, accounting and forward budgeting activities, reviewing strategic options and actively contributing to growth. You will be supported in these tasks by an already effective accounts department.

You will be a Qualified Accountant, preferably Chartered, in your late thirties – strong in financial management whilst commercial in business outlook. Practical experience will have been gained in industry or commerce. Drive, enthusiasm and a flexible approach are essential qualities.

The remuneration package, which includes a quality company car, reflects the importance of this senior position. Opportunities will exist for further career development and progression.

Please send full personal and career details in confidence to Stephen Bailey, quoting reference 6002/FT on envelope, letter or fax (021-200 2829).

Deloitte Haskins+Sells
Management Consultancy Division
35 Newhall Street, Birmingham B3 3DX

SENIOR INSOLVENCY MANAGER

LEONARD CURTIS & CO (LONDON) are looking for a high calibre applicant who must be fully experienced with particular reference to administrative receiverships and creditors' voluntary liquidations. A full market rate package is offered. All replies will be treated in the strictest confidence.

Write Box A1109, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL CONTROLLER £16,000+

PUBLIC COMPANY SERVICE SECTOR MUST HAVE MANAGEMENT EXPERIENCE URGENT

Tel: 255 1879

AUDIT POSTS c£30,000

Audit Managers & PA's, sought by respectable medium to small firms of Chartered Accountants in Central London.
Please contact: David Paton on 01-580-5522, alternatively write to, Executive Search Division, Hynes Associates Ltd, Wells House, 77-79, Wells Street, London, W1P 3RE.

FINANCE DIRECTOR DESIGNATE

Southampton c.£30,000 + car + bonus

Our client is a privately owned travel agency and tour operator with its head office in Southampton. Significant expansion is anticipated over the next few years and a finance director is required to assist the managing director in the proper control of that growth and in the exploitation of new business opportunities.

Responsibilities within this newly computerised environment will cover the whole range of financial reporting and control with a strong emphasis on money management. Promotion to full finance director is anticipated within twelve months.

Ideal candidates for this position will be qualified accountants with four or five years experience to a controllership level in a fast moving but highly disciplined consumer service environment. Extensive general management involvement will be required and appropriate skills will be essential.

Please send brief personal and career details, in confidence, to Douglas G Mizon quoting reference F/929/M.

Ernst & Whinney
Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

IS YOUR CAREER DEVELOPMENT DUE FOR REAPPRAISAL?

The Scottish Development Agency generates a wide range of commercial, residential and tourism projects. These projects involve equity, loan and grant participation by the Agency. Examples of past projects include exhibition and conference centres, science parks and technology institutions.

We are now establishing an important new division within our Finance Directorate for the financial appraisal of these investments and projects and to forward plan our expenditure and funds.

An exciting opportunity now exists to head this team.

HEAD OF FINANCIAL PLANNING AND ANALYSIS

STARTING SALARY UP TO £28K

You will have knowledge or experience of the financial appraisal of projects including joint public/private sector ventures and investments. This will require well developed skills in investment appraisal and in the analysis of financial packages.

Reporting directly to the Director of Finance and Information, an immediate task will be to recruit key support staff to this new Division. A wide range of academic backgrounds would be appropriate but an MBA would, for example, be relevant. The critical requirements, however, will be your business *aptitude and relevant experience.*

This vacancy will provide an ideal career development move for a young manager seeking to work in an exciting and demanding environment.

We will offer the successful candidate an excellent benefits package with a starting salary negotiable up to £28K. Scope for progression beyond this will be considerable and will be performance related. Other benefits will include provision of a leased car, a contributory index-linked pension scheme and, where appropriate, relocation expenses.

An Equal Opportunities Employer.

If you feel you can meet the challenge this position will provide, send a full C.V. to:—
DAVID SWIFT, HEAD OF PERSONNEL, SCOTTISH DEVELOPMENT AGENCY, 120 BOTHWELL STREET, GLASGOW G2 7JP

Your application should be received within the next 14 days and should quote reference number FIN7/FT1.

Scottish Development Agency

Brewer Morris

Pure Taxation Recruitment

SENIOR TAX ACCOUNTANT Up to £30,000 + CAR
TELECOMMUNICATIONS

Our client is an International Telecommunications group currently experiencing significant expansion. The head office tax function is at present six strong and is responsible for the tax affairs of the group worldwide.

They seek an A.C.A./A.C.C.A. with 2-3 years Corporate tax experience. The position will involve responsibility for U.K. and overseas compliance reporting to the group Tax Manager and will demand significant input into ad-hoc projects such as advising on the group's expansion and re-structuring.

TAX MANAGER c.£50,000 + CAR + BENEFITS
INTERNATIONAL BANK

Operating in over 40 countries worldwide, our client ranks among the leading financial institutions in the world. The Group provides the range of retail and wholesale banking services as well as a worldwide merchant banking service.

As the most Senior European Tax Specialist, the Manager will formulate and implement regional tax policy, provide tax advice on all aspects of the regions activities and have total responsibility for 10 staff.

Suitable applicants will have c. 10 years tax experience and be an A.C.A., Solicitor, Barrister or Ex-Inspector of taxes.

TAX ADVISOR c £28,000 + CAR + BENEFITS
U.K. PLC

This International retail group ranks among the U.K.'s 40 top companies with a turnover approaching £2 billion. The taxation department is responsible for the complete range of planning and compliance, and has a high profile within the group.

They seek an A.C.A. with 1-2 years corporate tax p.q.e. within an international firm to work on a variety of ad-hoc projects including joint ventures, acquisitions, divestments and selected overseas work.

For further information contact
MARK BREWER OR NICKI CORNER ON (01) 353 6405
or write to:
Brewer Morris, Ludgate House,
107 Fleet Street, London EC4A 2AB.

Personal Tax Specialist

Major International Practice

North of England **To £32,000 + car**

Our client is a major international accountancy practice with an unrivalled reputation for excellence and is considered by many to be the leader in its field. Their client list includes many of the most influential PLCs and subsidiaries of overseas companies operating in the UK. Its style, culture and forward-thinking approach to both clients and its employees have resulted in significant expansion which has outstripped its rivals' performance in recent years. In this stimulating environment they are now seeking a high calibre Personal Tax Specialist.

This key role entails responsibility for a varied and complex portfolio of prestige clients. The planning content will be considerable and in many cases will involve elements of international taxation. A significant part of the appointment will be to continue to develop this area of the practice.

The successful candidate will be a qualified accountant or solicitor, aged 28 to 35, with at least three years' exposure to Personal Taxation which will have been gained in a public practice environment. Equally, fully trained Inspectors of Taxes with experience in a major accountancy firm will be considered.

In either event, applicants must possess self-confidence and imagination and be able to demonstrate excellent interpersonal skills.

This is an exceptional opportunity supported by an excellent salary and benefits package. Long term career potential will be significant for candidates of the highest calibre and integrity.

If you are interested, please telephone Stuart Adamson FCA or Graham Thompson on 0532 451212 or send your cv in confidence to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY.

ADAMSON & PARTNERS LTD.
Executive Search and Selection

THORN LIGHTING

MANAGEMENT ACCOUNTANT

S. Herts Border **c£24,000 + fe car + bonus potential**

With a turnover approaching £500 million and interests worldwide, Thorn Lighting are the UK market leaders in the design, manufacture and marketing of lighting solutions. A subsidiary of Thorn EMI, they are successfully implementing an intensive programme of overseas investment and acquisition.

An exceptional opportunity has therefore arisen within the International Division for an ambitious and pro-active individual to make a positive contribution to this growth-orientated business. Reporting to the Finance Director of the division, a prime responsibility will be the consolidation of the overseas returns involving liaison with all subsidiaries within the region to ensure an effective overview of accounting activities and financial control. It is envisaged that occasional travel within the international network will be necessary to achieve success within this technically demanding role.

To take up the challenge, you will be a qualified accountant, computer-literate and able to demonstrate excellent communication skills at all levels. You will ideally have a sound commercial background, and any experience gained within a large manufacturing environment would be particularly advantageous.

In return the company are offering a competitive range of benefits including a comprehensive relocation package.

For an initial discussion, telephone Maria Sutcliffe on **0727 35116** *(out of hours 0727 56986), or alternatively* forward your CV to the address below.

MANAGEMENT PERSONNEL
Eclipse Court, Half Moon Yard
14b Chequer Street, St. Albans
Herts AL1 3YD

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UK Financial Controller

Surrey **c£30,000 + bonus + excellent benefits**

Backed by a major plc, our client is the subsidiary of an international group, and a market leader in its highly competitive sector of the service industry. Annual turnover is running in excess of £250 million and there are ambitious plans for growth in the UK and in Europe.

Reporting to the Finance Director, you will be responsible for all aspects of financial planning and control in the UK businesses. There is a young senior management team and you will be involved in a variety of "ad hoc" projects as the business grows.

Probably around 30, you will be a qualified accountant with a strong track record in either the profession or in commerce. You must be able to communicate well with people at all levels and be thoroughly commercial in your approach. The potential for career and salary progression within this fast growing group is excellent.

Please write in confidence to John Cameron, quoting reference C114, at 84/86 Grays Inn Road, London WC1X 8AE. (Telephone: 01-404 5971).

CAMERON · SIMPSON
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CHIEF ACCOUNTANT

London **£ 26000 + car**

This commercial company is the subsidiary of a french group specialising in the export of industrial products worldwide and is seeking a chief accountant to enhance its organisation.
He will cover a wide range of responsabilities including treasury, budgets as well as accountancy functions.
The successful candidate will preferably be aged about 35, with an accounting background and legal qualifications. This position requires good communication skills, maturity and the energy necessary to contribute effectively at this senior level; you may already occupy a similar position or be assisting a company secretary in his duties.
To apply, please send your detailed CV with the reference 1A 1215-8F to E.T.A.P. 71, rue d'Auteuil *75016 Paris - France*
All applications will be treated with the strictest confidence.

Membre de Syntec
etap
71 rue d'Auteuil 75016 Paris
PUBLIPANEL

Management Accountant

c.£25,000

This is a high profile and prestigious international transportation organisation whose 15 profit accountable units generate a turnover of £250 million.

They now wish to appoint a qualified management accountant to become responsible for forecasting, budgeting, management reporting and financial control. The position will involve *further development of the* PC based and mainframe systems and a leading role with unit general management to secure the benefits available from more effective use of financial planning and budgetary control. There is a department of 12 to manage, some of whom are part qualified.

Applicants should be ACMA's (or equivalent), aged mid/late 20's with sound experience of budgeting, reporting and control gained in *another service sector,* commercial or industrial organisation. The position requires the ability to relate to an interesting and important organisation *and work effectively alongside general management.*

Location – Central London.

Please reply in confidence quoting reference L388 to:–

Brian Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

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For further information call 01-248 8000

Candida Raymond ext 3351

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Patrick Sherriff ext 4627

Director of Finance & Systems Development

c.£35K + performance related pay

Diversity and challenge in a leading Health Authority

Our client, Bloomsbury Health Authority is a large, inner-city authority catering for the varied needs of a diverse spread of residents, visitors to London, and those referred as patients from outside of the District.

Maintaining the highest standards of health care in this complex *environment calls for strong direction* in all areas. With a revenue budget of £145m, a capital programme of *£7.5m and considerable investment in Information* Technology, an effective financial strategy is key to this *success.*

Join them and your brief will be to ensure they *continuously maximise resources to greatest effect.* The role will be a demanding one; as well as the development of its financial strategy and the provision of financial advice you will be a full member of the Authority's management board. The professional leadership of Unit based finance staff and the direct management of over 100 staff in both the Finance and Computer Services *Departments* will be your responsibility.

The man or woman appointed must be a qualified accountant with the managerial and professional ability *needed to meet these challenges successfully,* and wide experience gained in a large and complex environment.

Send your *cv to John Faith at Austin Knight Selection,* 20 Soho Square, London W1A 1DS. Alternatively, ring him on 01-439 5760 (01-256 6925 *evenings/weekends)* for an initial discussion and/or application form.

Ref: *PS/JF/89.*

Austin Knight Selection

Financial Controller

SW ESSEX, c.£40,000 PACKAGE + CAR

As a dominant market leader in the *national vehicle distribution industry,* and the largest member of a UK based European group, this *profitable* company has grown strongly in recent years and is approaching a turnover of £40m. Further growth and business diversifications are planned.

A key to the company's *success* is the strict adherence to sound business principles. Consistent with this, to strengthen the management team, the company now wishes to recruit a strong and effective Financial Controller to ensure appropriate financial disciplines are followed. As a member of the senior management team you will be *required to actively contribute to the* commercial direction and *management of the company and* your success will lead to a directorship and ultimately a general management role.

You will be a qualified accountant and under 35, with well developed commercial skills and an excellent record of progression in the finance function from within the distribution field or industry in general. The need to influence and advise colleagues within this 'hands-on' environment calls for a person with a strong personality in addition to good interpersonal skills.

Résumés, with day time telephone number and current salary please, to Chris Haworth, ref: CH964, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing
Coopers & Lybrand

CREATIVE CORPORATE AUDITORS

Bedford or Manchester
c.£18k to c.£27k + bonus, profit share, company car and relocation

30,000 employees, mostly shareholders.

50 operating companies.

700 locations in the UK and overseas.

Revenue exceeding £1200 million.

Investment currently £100 million plus.

NFC

Join a team with a newly defined mission *in corporate review.*

The NFC is Britain's biggest and most diverse freight transport, *storage and distribution company,* with substantial property and travel *activities and rapidly expanding interests* throughout the UK and overseas.

Incorporating many household names such as Pickfords, BRS, National Carriers and others, our story has been one of *extraordinary* growth and continued success.

The Group's structural evolution *and organisational development* has led to the creation of a central *Corporate Audit team whose mission* has been broadly defined to embrace a wide range of NFC activities. The team will be multi-disciplined, with a brief to take a creative approach to reviewing an organisation which currently turns over close to £1,000 million in the UK alone. *Most* assignments will *start with* a clean *sheet and will demand conceptual* thinking of a high order. In return, this exciting *programme* offers outstanding experience and exceptional rewards.

There is an immediate need for the following categories of staff:

COMPUTER AUDIT MANAGER

One of the two most senior support positions. The successful *candidate* will probably come from a DP/IT background rather than an accounting one, *having reached a senior level before specialising in auditing.* An interesting and challenging *feature of the role will be to think through the* control and audit implications of upcoming *computer technology* in order to enhance the Group's ability to respond successfully to change.

SENIOR AND CORPORATE AUDITORS

We are looking here for high calibre numerate graduates who may or may not hold an accounting qualification. They will have varying degrees of experience in internal auditing; there is no fixed preference for 'career' auditors as opposed to those whose *ambitions lie elsewhere.*

The broad scope role of Corporate Audit *will provide a deep insight* into the NFC organisation and offer *numerous options for career* development. The package is a *generous one,* including competitive salaries, profit related bonuses, profit sharing, contributory pension scheme, a company car and (where necessary) relocation expenses.

If any of these opportunities strike a chord, please write with your cv to: Mrs Anne Yeomans, Personnel Manager, NFC plc., The Merton Centre, 45 St. Peters Street, Bedford MK40 2UB.

Financial Controller

Greater Mcr/Merseyside Border — to £25,000 + Car + Benefits

Our client is a *£3.5m t/o subsidiary of a major* US multinational corporation. The subsidiary specialises in the distribution of branded products to the automotive industry and they will form an important link in an international divisional structure operating in the deregulated *European market.*

They now seek an ambitious, business orientated young Accountant to assume responsibility for all aspects of the financial and commercial information systems. Reporting to the Managing Director the role will involve liaison with European Headquarters in Paris regarding financial, taxation, personnel and legal matters. This is seen as an initial position in a long term career within a dynamic international group and you will *therefore be expected to make a significant* contribution to overall business development.

Candidates, aged 28-35, should be qualified Accountants who can demonstrate the intellect, commitment and ambition to succeed in a highly competitive environment together with well *developed interpersonal and management skills.*

Proficiency in French would be an advantage.

Interested applicants should contact Iain Blair ACMA at Michael Page Finance, Executive Division, Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting reference 3084 or telephone him on 061-228 0396.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Ungermann-Bass, Ltd.

FINANCE DIRECTOR – DESIGNATE

£38,000 Package + Car + Stock Options — Maidenhead

This is an outstanding opportunity for a first class chartered accountant, keen to launch into the next stage of their career. Ungermann-Bass are one of the leading international producers of computer networking technology. Part of the $1.5 billion Tandem Computer Corporation, Ungermann-Bass, with worldwide turnover of over $150 million, wish *to expand their UK operation.*

Reporting to the Managing Director, this crucial role includes responsibility for the finance, commercial and *administrative functions and the implementation of effective* management information systems. This is a role that brings together your finance skills and your business acumen. It is a wide ranging and pro-active position which will have considerable impact on business decision making and forward *planning.*

Aged 32-45, you will probably be an FCA, with several years experience in managing a finance function. You are *likely to be confident* and persuasive, a *problem solver* with enthusiasm and determination.

The rewards include a very comprehensive package and by earning your 'spurs' promotion to *Finance Director.*

To apply for this challenging position call; Nick Marsh on 01-240 3561 (office) or 01-948 1183 (evenings) or send your CV to him at Bull Thompson & Associates, 63 St Martins Lane, London, WC2N 4JX. Quote reference 1535.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

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WEDNESDAY
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FROM 6.30 PM

Xpert ACCOUNTANCY

You might be a qualified Accountant with ten years experience, or just starting out in the Accountancy world.

Whatever your background, you can be assured of a warm welcome at our Xpert Accountancy Roadshow.

This is an exciting opportunity to come along and talk to the people who specialise in the Accountancy business, and discuss your career expectations.

If you are unable to attend this open evening, you can still talk to the Xperts on

01 828 9919

XPERT ACCOUNTANCY
201 VICTORIA STREET
LONDON

Company Secretary/ Financial Administrator

£25,000–£30,000 plus car and benefits

A *highly* reputable name in the chartered surveyors/ estate agency sector, our client is a small, privately owned company which specialises in acquiring and selling shops. The company has a turnover of approximately £1.8 million and employs some 30 people.

A Company Secretary is now sought to control all financial matters and to take charge of administrative and managerial duties. *The scope of* the role will *depend on* the individual appointed, but will certainly include taking minutes at board meetings, operating the computer system and managing the accounts department on a day to day basis.

The successful candidate will be a qualified accountant with experience of, or interest in, general management duties. Computer literacy and a good working knowledge of up to date accounting techniques are essential. Experience of the *property* sector would be an advantage. Candidates should be flexible and intelligent and must be happy to work in a small team.

Career development, particularly in the realm of property management, is possible, and advancement will only be limited by the ambitions and abilities of the candidate.

Please write, in confidence, to Kelly Iriondo at the *address below, quoting reference SHA.1234.*

Stoy Hayward Associates
MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA
A member of Horwath & Horwath International

هكذا من الأصل

...a unique opportunity in a £5 billion business...

General Manager – Finance

London *c.£60,000 + benefits*

Our client company has assets of £5 billion and faces exciting commercial challenges in the coming years. Following restructuring, sound financing methods and excellent relations with the City will be required to ensure continued growth. The changes currently taking place provide a unique opportunity to establish the finance function of this major company.

Reporting directly to a senior Board member, your responsibilities will cover the accounting, management reporting/financial planning and treasury functions, each of which has its own Department Head. You will oversee the management of some £1 billion of short, medium and long term debt, making extensive use of the international capital markets. You will also handle a complex insurance risk, corporate tax and ensure compliance with regulatory authorities.

As a qualified accountant in your early forties, you will relish the prospect of a total financial management role with a strong treasury bias. You will have gained substantial experience at a senior management level in a large public company. A full understanding of accounting developments and good financial planning skills are essential requirements.

An attractive remuneration package will include an achievable performance-related bonus of up to 20%, quality car, private health insurance and pension scheme.

Please reply to Christopher Evans, advisor to the Board, in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 5194/FT on both envelope and letter.

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Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

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Appears every Wednesday and Thursday

for further information call 01-248 8000

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Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

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Financial Controller Vacancy, small company experience, chartered, circa five years work experience, salary negotiable 25-27K. Call Julie-Anne on (01) 871-0965.

FCMA, Extensive Commercial and Industrial Experience

Available on interim management or assignment basis, U.K. and international.
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01 748 3161
or write Box A1112, Financial Times, 10 Cannon Street, London EC4P 4BY

GROUP COMPANY SECRETARY

High Wycombe from £30,000 + bonus

This long established fabrics and furniture group, which incorporates brand names such as Parker Knoll, has achieved excellent growth to a turnover in excess of £80m.

The present Group Company Secretary will be retiring in 1990 and it is intended that there will be a lengthy handing over period.

You will be responsible to the Chairman and will be involved in many day-to-day business, legal and financial activities, which will entail working closely with directors and other senior management. Responsibilities will include dealing with pension and other personnel benefit schemes, insurance, property purchase/management and the usual corporate matters for the holding company and a number of subsidiary companies.

Probably aged around 40 you should be a professionally qualified lawyer, chartered accountant or chartered secretary with relevant broad based experience gained in a public company.

To apply, please send CV, indicating current salary to Suzanna Karoly quoting reference F/819/K.

Ernst & Whinney
Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Corporate Financial Management

International Oil & Gas

London Based **c£32,000 + Car**

We are acting on behalf of a well-known US multi-national energy corporation which is currently, through its British subsidiaries, expanding and diversifying its international exploration & production activities through a positive acquisitions programme and an aggressive approach to exploration. The Company has an excellent reputation as a North Sea operator and as an employer.

A key role is to be established in the Finance group, for a qualified Accountant, to manage all aspects of the Company's international corporate accounting function. The incumbent will be responsible for co-ordinating financial accounting and reporting for world-wide exploration and production operations outside North America.

The position requires a high degree of relevant technical accounting knowledge, gained preferably in a multinational environment, plus well developed supervisory and communication skills to achieve the high level of managerial capability demanded.

This position offers good career prospects and an excellent salary and benefits package. This includes a London Allowance, Pension Plan, free life assurance and free BUPA. A fully expensed company car will be provided.

Applications are invited from individuals who are confident of making an immediate contribution to an expanding organisation and playing a significant part in shaping its direction.

To find out more about the opportunity and the organisation please telephone Gerard Davies on 01-831 2000 or 01-367 6412 (evenings and weekends) or write to him at Michael Page Finance, Executive Division, 39-41 Parker Street, London WC2B 5LH. Neither names nor details of respondents will be disclosed to the client without express permission.

MP Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

BRITISH & COMMONWEALTH MERCHANT BANK PLC

Young Accountants wanted by a City Merchant Bank

In 1987 British & Commonwealth Merchant Bank Plc was launched as the wholly owned merchant banking subsidiary of British & Commonwealth Holdings Plc, one of the largest and most broadly based financial services groups in the UK.

With a capital base of £100 million, the bank is firmly committed to both organic and acquisitive growth and several major acquisitions have been made. As a result there are now opportunities for two qualified accountants to fill key positions within a highly motivated, professional team.

Manager – to £28,000 + Car + Mortgage + Benefits

This position carries responsibility for the planning, analysis and control of the merchant banking activities. Supported by two staff you will be responsible for providing a proactive service to the Directors of the individual banking teams.

The successful candidate will have a well developed business sense combined with good technical accountancy knowledge and the ability to manage and motivate staff.

Assistant Manager – to £26,000 + Mortgage + Benefits

Located in the Risk Management Unit, using the latest NPV accounting techniques, you will measure and report the profitability and positions of the Treasury and Capital Markets Group for both on and off balance sheet products.

The successful candidate will possess sound analytical and PC skills and will be able to communicate effectively.

If you are a qualified accountant, not necessarily with City experience, aged under 30 and feel able to rise to the demands of the above positions, please contact Diane Forrester ACA on 01-831 2000 or write to her enclosing a full CV at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.

MP Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

GROUP ACCOUNTANT **to £35,000 + Car**

International group of insurance brokers seeks ACA, aged 26-32, for this broad and challenging role. Your responsibilities will range from consolidations to assisting with mergers and acquisitions.
Ref: HKM6904

BRANCH ACCOUNTANT **c£30,000 + Benefits**

UK branch of international bank seeks qualified accountant, aged 28-33, with banking experience to supervise existing accounts function and to develop and implement accounting procedures for new products.
Ref: CSM6397

RISK ANALYST **to £28,000 + Bank Benefits**

Young qualified accountant required by a prestigious US investment bank to monitor performance and risk within the organisation's dynamic trading division.
Ref: HKM0870

FINANCIAL ACCOUNTANT **£27,500 + Bank Benefits**

Leading US bank offers qualified accountant excellent opportunity within financial accounts function, providing technical support to marketing and operations departments and responsible for accounts preparation.
Ref: SML6752

ACCOUNTANT **£25,000 + Benefits**

Finalist/newly qualified accountant is sought by leading financial institution. Responsibilities will include budgetary analysis and the consolidation of divisional results for presentation to Finance Manager.
Ref: SML6920

To be considered for these or similar opportunities, please telephone or write to:

MANAGEMENT PERSONNEL
25 City Road, London EC1Y 1AA
01 256 5041 (24 hours)

Management Personnel
RECRUITMENT SOLUTIONS
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Head of Strategic and Financial Planning

Kuwait **Substantial Tax Free Salary**

Our client is one of the largest, most successful and diverse privately owned groups in the Middle East. Its interests include automotive sales and service, consumer electronics, engineering, manufacturing, travel, transportation, freight forwarding, shipping and selected financial services.

The Group has highly computerised financial and management information systems with recent emphasis on PC based systems tailored to operating management needs.

Reporting to the Vice President – Finance, the successful candidate will lead a team that has overall responsibility for the planning function of the various businesses. This involves formulation of medium and short-term business objectives and strategies in conjunction with operating management, and their consolidation into corporate business plans and budgets. In addition, he will assume the controllership responsibility for central staff functions.

Candidates, aged 35-45 years, should be seasoned corporate planners, preferably graduates, with an accounting qualification (ACA/ACCA/ACMA) and appropriate experience in a multi-business/multi-national environment. Experience with PC based systems and statistical forecasting techniques is required.

The position offers a substantial tax-free salary with participation in the corporate bonus programme plus normal expatriate benefits associated with a large group.

Please write with detailed C.V. to G. E. Yazigi, quoting ref: B.1283/I. These will be forwarded direct to our client. Please list separately any companies to whom your application should not be sent.

MSL International

MSL International (UK) Ltd,
32 Aybrook Street, London W1M 3JL.
Offices in Europe, the Americas, Australasia and Asia Pacific.

Group Finance Director

Worldwide fmcg manufacturing and distribution

SE England **c.£35K + benefits**

New management is embarking on major restructuring and development of this profitable business, which manufactures and distributes well known ranges of branded products. With turnover currently around £20M the aim is to improve efficiency, increase market penetration and move towards an ultimate flotation.

Working closely with the Managing Director, the Group Finance Director will play a key role in facilitating change. New financial systems, control of worldwide accounting activities and broad commercial strategy implementation will all be involved.

Candidates will be Chartered Accountants aged 30-40, with manufacturing experience in branded products. Commercial drive, independence and tough mindedness will be essential, together with experience of new system implementation within international organisations.

A salary and bonus package is negotiable around £35K plus car and other executive benefits including possible future equity participation.

Please write with full career details to Alan Forrest, Strategic People Recruitment, The Range, Dockett Eddy Lane, Shepperton, Middlesex TW17 9NT.

STRATEGIC PEOPLE RECRUITMENT

Venture Capital

Newly/Recently Qualified Accountant

City ***£23,000 – £25,000***

Gain a thorough understanding of Venture Capital business with one of Europe's leading companies.

After comprehensive training within a multi-disciplinary team, you will quickly move on to making investment recommendations and then to handling your own portfolio of clients. In time, there will be the chance to sit on the Board of companies in which you have decided to invest and you may occasionally travel to Europe. There will be opportunities to head up your own team within two years.

Applicants, who must be young, qualified Accountants, need not have experience of Venture capital or Corporate Finance: more important is an informed interest in business and the personality to succeed in a demanding though highly rewarding environment.

Contact JANE EASTON on 01-404 3155 at ALDERWICK PEACHELL & PARTNERS, Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA.

Alderwick and Peachell PARTNERS LTD

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Group Finance Director

PLC - INTERNATIONAL OPERATIONS
MIDDX, c.£50,000

With a distinctly high class image, this group is engaged in music publishing and musical instrument manufacture. Its worldwide marketing and production operations, with principal activities in the UK, Germany, France, USA and Japan, generates a turnover of about £50 million. It is profitable and future development opportunities are assessed to be good.

As Finance Director, you will contribute to improving further the Group's performance both at the strategic and operational levels. Functionally, you will develop and maintain rigorous financial disciplines across the Group. You will need to pay particular attention to management information and controls, financial analysis, treasury and information technology systems.

You will almost certainly be a qualified accountant, over 35, and well experienced in all facets of the financial function. You must have held a senior position in a manufacturing environment, preferably with an international dimension. The need to influence and advise colleagues calls for a person of some stature, in addition to well developed interpersonal skills.

Résumés, with daytime telephone number please, to Chris Haworth, Ref: CH986, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing | Coopers & Lybrand

Financial Controller

Central London

To £40,000 + car

Positively directed, purposefully managed and highly profitable this noted UK financial services group is constantly searching for new commercial opportunities.

Working closely with a young Finance Director the new Financial Controller will assume responsibility for an extremely diverse range of operational activities. Included in these will be budgeting and planning, tax strategy, treasury and cash flow management. Full reporting responsibility to the Stock Exchange and Senior Management will be required as well as playing an active role in a variety of acquisition investigations.

Suitable applicants will be graduate ACA's aged approximately 30 years. Management skills linked with sound technical competence will represent an ideal blend of essential qualities. For further information please contact Roger Tipple, who is retained to advise this highly original and successful company.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours). Fax: 01-831 4204

HEAD OF COMPLIANCE

LONDON

Excellent Compensation + Banking Benefits

This Global Securities Firm with a pre-eminent reputation for leadership across major international markets seeks an exceptional individual with an outstanding record of accomplishment.

This position is clearly a very high profile role and the incumbent will have the opportunity to make a significant contribution within the firm. As Head of Compliance the individual will provide regulatory services and monitor firm and employee compliance with related internal policies as well as domestic and international regulations. Liaison will be at all levels internally and with external regulatory bodies.

A compliance or internal audit background is strongly desired, with at least 10 years' experience essential. This experience must include proven managerial background and substantial familiarity with U.K. and U.S. securities markets as well as related self-regulatory and exchange rules. Strong verbal and written communication skills, as well as a university degree, are prerequisites.

Candidates should not consider their present salary to be a limiting factor.

To discuss this position in further detail, please write in confidence with full career and salary details to ***Harsa Savjani*** *at the address below quoting Ref HS196. Alternatively call her on* ***01-629 4463.***

SEARCH AND SELECTION CONSULTANTS

OLIVER McKENZIE

A MEMBER OF THE HARRISON WILLIS GROUP

Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 01-629 4463

EXCELLENT OPPORTUNITY IN A MAJOR UK MULTINATIONAL

Financial Controller

To £33,000+Car+Relocation **Crawley, Sussex**

Our client is a major subsidiary of one of the UK's top 100 multinationals with a group turnover easily exceeding £1,000 million pa. The subsidiary itself is engaged in the design and construction of industrial plant with around 600 staff and an annual turnover approaching £50 million. The company has an excellent reputation and is a market leader in its field.

The Financial Controller will take full control of the finance function and a department of 15 staff. Responsibilities will include monthly Board reports, statutory accounts, monitoring contracts in progress, budgeting, planning, systems development and cash management. There will be an emphasis on improving financial control and further developing management information. As a member of the executive committee you will be expected to make a full contribution to the overall management of the business. You will report to the Group Finance Director and career prospects are excellent.

Candidates for the position should be qualified accountants with line management experience in a project accounting environment and are likely to be aged 28-35. Experience of improving management information, the exercise of strong financial control over a business and any other areas of the job description above will be advantageous.

Please send your career and current salary details, together with a daytime telephone number, to Barry C Skates at our Maidenhead office.

MKA SEARCH INTERNATIONAL LIMITED
MKA House King Street
Maidenhead Berks SL6 1EF
Telephone (0628) 75956

MKA

Maidenhead, London, Worcester — Search, Selection & Management Consultancy

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Group Finance Director

Middlesex c £40,000 plus benefits

Our client is a successful fine fragrance and cosmetics marketing and distribution group. Its portfolio includes some of the most prestigious international brands. Turnover is currently in the region of £11 million and with the recent acquisition of an established manufacturer the Company is now positioned for solid growth.

The position of Group Finance Director is newly created and entails complete responsibility for finance, administration and operations. It is definitely a 'hands on' role which calls for involvement in detailed operational issues as well as a major input to strategic management.

You will be a Chartered Accountant, probably aged 35-45, with an impressive track record of financial management success – preferably within the f.m.c.g. manufacturing sector. Direct experience of computer systems development will be essential.

The position carries a competitive remuneration package and offers long term potential to a candidate who is prepared to deliver sustained commitment. Equity participation will be discussed once achievements have been made.

Please write – in confidence – to Nigel Bates FCA, quoting ref. B.34044.

MSL International

MSL International (UK) Ltd,
32 Aybrook Street, London W1M 3JL.
Offices in Europe, the Americas, Australasia and Asia Pacific.

FINANCE DIRECTOR – CONTRACTING WITH A STRONG COMMERCIAL BIAS

North East England — Salary in Excess of £35k

Our client, a major engineering subsidiary of a substantial public group, wishes to appoint a finance director to be based in its headquarters in the North East of England.

Candidates, aged between 35 and 50, must be qualified accountants.

Applicants will bring recent practical experience of the contracting industry, and be able to demonstrate achievement in tendering for and negotiating multi-million pound contracts.

The successful applicant will be directly responsible for the commercial and financial functions, be involved in the development of marketing strategy and will provide advice and guidance on a day-to-day basis to operational directors.

Experience of both overseas operations and acquisitions would be an advantage as growth is an important component of the company's strategy.

The Company will provide an attractive remuneration package, including a negotiable salary, car and relocation costs. The group can provide career opportunities in the longer term.

If you feel you meet these requirements, please write in confidence, enclosing a full c.v. to Liz Olive, Executive Selection Division, quoting reference L/903.

KPMG Peat Marwick McLintock

Executive Selection and Search

City Square House, 7 Wellington Street, Leeds LS1 4DW

Major International Advertising Company

GROUP FINANCIAL CONTROLLER

Central London **To £28,000 + Car + Benefits**

Our client is a highly successful group of companies headed by one of the country's top 25 advertising agencies. With billings in excess of £80 million, and a long-term business strategy based upon a selective start-up and acquisition policy, the organisation is anticipating continued rapid expansion.

In line with the Company's plans for further growth and their listing on the stock exchange, they are currently seeking to strengthen their Head Office Accounting team with the appointment of a Group Financial Controller.

Working with the Group Finance Director and sharing control of a department of 18 you will assume responsibility for:

- ☐ Competitor analysis
- ☐ Mergers and Acquisitions
- ☐ Corporate strategy
- ☐ Special investigations
- ☐ Management reporting and accounting
- ☐ Financial appraisal

Candidates will be ambitious qualified accountants, probably Chartered, aged 24 – 29. This is an excellent entry point into a rapidly expanding organisation with promotional prospects that extend right through to Directorship level.

mh

Interested applicants should contact Gerald Whiting or Simon Hewitt on 01-488 4114, or write to them, enclosing a comprehensive CV, at Mervyn Hughes International Ltd, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Quoting Ref: A242.

FINANCIAL DIRECTOR

to £35,000 + car + bonus
near Bristol

A subsidiary of a highly regarded and rapidly growing plc, our client is engaged in the manufacture, marketing and distribution of electronic security and fire detection equipment, turning over in excess of £10 million. Following a recent acquisition and the resultant integration, the profitable company is poised for further growth and increased market share.

The Financial Director will join the board of the company as it enters an important phase in its development and *will initially endeavour to ensure maximisation of the benefits of the integration.* Reporting to and working closely with the Managing Director, he or she will supervise and enhance the financial function and be a key member of the management team. Expected to make a major contribution to the effective management and continuing development of the business, he or she *will provide financial guidance in all areas.*

In their early 30s, applicants should be graduate qualified accountants with demonstrable commercial flair and a broad range of experience, preferably gained in a manufacturing environment.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/794/FB.

LLOYD MANAGEMENT

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

Assistant Financial Controller

BERKSHIRE,
£30,000 + CAR + BENEFITS

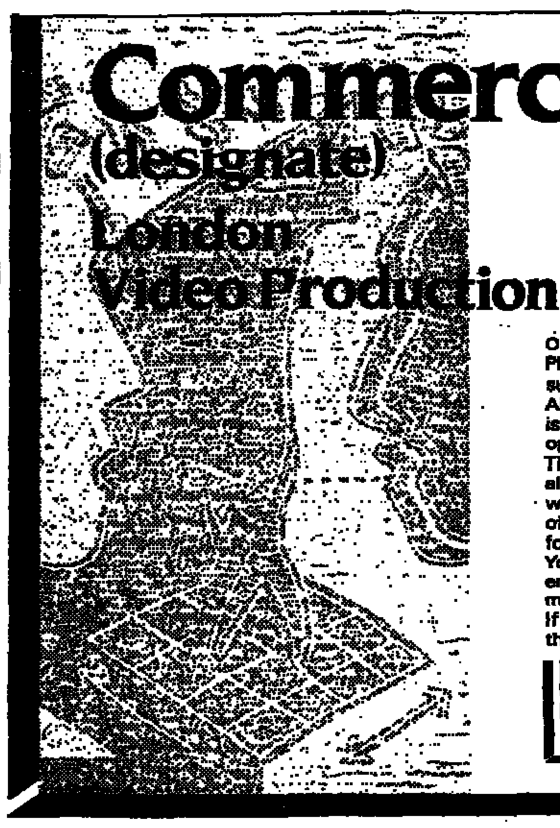
This major US computer company is now the leader in its market segment. Turnover for 1988 was over £300m and the company has plans for significant growth over the next few years. The UK company is scheduled to increase its responsibilities to support other European subsidiaries and is now seeking a Number Two to strengthen its Finance team.

Reporting to the UK Controller, you will be primarily responsible for ensuring that statutory, management information and corporate reporting deadlines are met. Additionally you will contribute to the planning, budgeting and treasury functions. A key task will be direct involvement in the ongoing development of financial computer systems to accommodate increasing requirements.

A qualified accountant, probably in your late twenties or early thirties, you will have broad-based financial accounting experience together with a strong systems background. Experience within the computer industry is not essential, but in order to succeed in this fast-moving environment, you must be adaptable, have good interpersonal skills and enjoy a challenge. Some travel is envisaged in this role and therefore a working knowledge of one or more European languages would be an advantage. Prospects for career development are excellent, with opportunities in the UK, Europe and internationally.

Please send CVs, including a daytime telephone number and current remuneration details, to Ann Shepherd, ref: AS506, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing
Coopers & Lybrand



Commercial Director
(designate)
London Video Production

SPAN

c.£35,000+car and benefits

Our client is Spafax Airline Network (SPAN), a subsidiary of Aspen Communications PLC. With offices on both sides of the Atlantic, SPAN is the worldwide leader in the supply of in-flight video entertainment to major international airlines, including British Airways. SPAN has an audience of some 30 million airline passengers: the company is a commercial television station in the sky, selling advertising and sponsorship opportunities within the upmarket programmes it provides.

There is now a need to recruit a Commercial Director (designate) to co-ordinate all financial and management reporting, and to bring in-house accounting functions which are currently handled by the parent. Liaising and negotiating with a wide range of production suppliers, film distributors, airlines and advertising agencies will also form part of the role.

You should be in your early thirties and keen to work in a dynamically growing environment, where creative flair is matched to the highest professional standards. You must be a qualified accountant eager to work in the demanding entertainment industry.

If you feel that you have the personality and initiative to meet the requirements of this role, please write to Geoffrey Rutland ACA, ATII, at the address below, quoting reference 1574, and giving concise career and salary details and a daytime telephone number, or phone him on (01)-583 3303 (office) or (01)-878 8395 (home).

BDO BINDER HAMLYN
BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

Finance Director

London EC4 **c £35,000+Car**

Our client is a dynamic, young property company. Formed in 1987 they provide a development and construction service to meet the needs of specific occupier clients in addition to the development of their own sites.

With £25 million of developments already underway they have established a strong platform for future growth. It is envisaged this will incorporate acquisitions alongside continued organic growth and will lead to a flotation in due course.

They seek to appoint a Finance Director, reporting to the Managing Director, to assume full responsibility for the development and control of the finance function, treasury management and the implementation of a PC based information system. This is seen as a real opportunity to significantly influence the growth of a business and should offer excellent experience in capital raising and acquisitions.

The successful candidate will be a young, qualified Accountant with a practical and commercial approach to business problems. Ambition and drive will be coupled with a successful track record in a commercial environment. Property experience, although not essential, would be distinctly advantageous.

Interested candidates should telephone Stephen K. Banks, ACMA on 01-831 2000, alternatively write to him, at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref: FT/SB1.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director

THAMES VALLEY, c.£37,500 + BONUS

For the UK operating subsidiary of a major US data communications specialist, whose success in this highly competitive industry originates from its quality of systems and service and whose culture combines team work with individual initiative. Turnover is expected to be around £15 million this year and in view of the imminent retirement of the present Finance Director, there is now a requirement to appoint his successor.

With total responsibility for the finance, company secretarial and MIS functions, you will work closely with the UK Managing Director and the US parent to manage the development of the business. In this hands-on role, you will give financial direction to the company, ensuring that sound financial control and effective systems are established and refined to meet current and future needs. Initially you will concentrate on developing the effectiveness of the finance department, improving accounting and management information systems and reviewing related procedures and controls.

A qualified accountant, probably in your thirties, you must have broad based financial skills and previous experience of senior line financial management. In addition to a high level of technical competence and management skills, direct experience of implementing computerised financial and management information systems will be particularly important. With a working knowledge of reporting to US standards, you should be responsible for a finance function currently, or be ready for the career step now. Strong commercial awareness and a practical "hands-on" approach will be the key to success in this role.

Résumés please, including a daytime telephone number and current remuneration package to Ann Shepherd, Ref: AS983, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing
Coopers & Lybrand

Finance Director Designate

£27,500 + quality car + share options
Winchester

Our client, a commercial property development and investment company with USM aspirations, seeks to recruit a young accountant to assume complete responsibility for the financial management of this small but fast growing business.

Reporting to the Managing Director, the successful candidate will be required to provide full support to the board of directors to ensure that all commercial opportunities are realised. It is envisaged that main board status will be confirmed after six months' service.

Candidates in the age range 26 to 33 must be qualified accountants, preferably ACA, who can demonstrate both technical ability and commercial sense. The position also requires the willingness to tackle problems and implement effective solutions. This is an outstanding opportunity to join a close knit management team renowned for its hard work and professionalism.

Please write in confidence, quoting reference 7311, to: David Kennedy, Clark Whitehill Consultants, 25 New Street Square, London EC4A 3LN.

CLARK WHITEHILL
Executive Selection

Finance Executive
Head Office Development Role
North Surrey,
To £40,000, Car, Excellent Benefits

This major, well known and respected financial services group has a record of success in national and international business. The need now is for another professional in its Head Office finance team to establish and manage a small department with responsibility for the introduction of further improvements to group management reporting and controls. Initial emphases are on treasury, current asset management and group management information areas.

Candidates aged late twenties to late thirties, should be chartered accountants preferably educated to degree level. In addition to experience gained within one of the large professional firms, exposure to international/multinational public company accounting is desirable. Essential personal qualities include a strong intellect, persuasive personality, and the potential for significant career advancement.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: *K Carroll, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, Fax: 01-734 3738, quoting Ref: K14001/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
A Member of Blue Arrow plc

GROUP TREASURER

c. £20,000 *North West*

We are a highly profitable £600 million turnover public group engaged in construction and related activities.

This senior role, resulting from internal promotion, would suit an experienced Treasury Assistant looking for career enhancement.

As Group Treasurer, you will be responsible for money market dealing, interest rate management, the negotiation of debt facilities, evaluation of new financial products, developing management information systems, project analysis and the forecasting/monitoring of the Group's cash flow position.

Applicants, who should be qualified accountants or MBA's aged between 25 and 30, should send a comprehensive career resume including salary history and daytime telephone number to: R A Carss, Group Financial Controller, Alfred McAlpine PLC, Hooton, South Wirral, L66 7ND.

Alfred McAlpine
AN EQUAL OPPORTUNITY EMPLOYER

BEATSON CLARK plc
FINANCE DIRECTOR
South Yorkshire-c£25,000 + Bonus + Car

We are a leading glass bottle manufacturer supplying a niche market in the pharmaceutical industry. With a turnover of £30m, the company is a major subsidiary of TT Group PLC, an acquisitive and successful industrial conglomerate.

Financial control is of paramount importance throughout the group and we are seeking to appoint a hands-on Finance Director based in Rotherham. Reporting to the Managing Director, you will be responsible for all aspects of the financial and management information functions within the Beatson Clark group of companies.

Applicants should be qualified accountants (ACA/ACMA) with stamina and genuine commitment to succeed in this challenging role. The successful candidate will probably be aged about 40 with wide industrial experience and the ability to work effectively as part of the management team.

Please send a detailed C.V. including current salary to Mr M G Leigh, TT Group PLC, Clive House, 12-18 Queens Road, Weybridge, Surrey KT13 9XB

Group Accounting Manager

West End to £32,000+ Car+ Benefits

Our client is a highly profitable quoted Investment Group with net assets in excess of £½Bn. Reporting to the Group Chief Accountant the successful candidate will control a staff of eight engaged in the preparation of budgets, monthly and statutory accounts, ad hoc excercises and ongoing development of computer systems for the Group and its subsidiaries. Flexibility, strong technical accounting skills and the ability to fit into a close knit team renowned for its professionalism are essential qualities. Applicants should be Chartered Accountants 28-35 who are currently at Managerial level in Practice or possibly a large Commercial Group. In addition to attractive salary benefits include, fully expensed car, bonus, share option scheme, non contributory pension scheme, BUPA, luncheon allowance and 5 weeks holidays. Applications to R.J. Welsh.

Reginald Welsh & Partners Ltd
ACCOUNTANCY & EXECUTIVE RECRUITMENT CONSULTANTS
123/4 Newgate Street, London, EC1A 7AA Tel 01 600 8387

FINANCIAL DIRECTOR

Maidenhead, Berkshire
£33K + car and excellent benefits

McGraw-Hill Book Company, in Europe, is a key part of a multi-billion dollar international business with operations and career opportunities worldwide. The Book operations have consistently achieved sales and profit growth, and there are plans for further expansion through product development and acquisitions.

We now require a disciplined, commercially minded and experienced Director to take overall responsibility for the financial activities of the U.K. Book Company, to oversee the accounting functions of other European Book subsidiaries in France, Germany and Italy, and to make a contribution to overall profit growth.

Reporting to the Group Vice-President of the European Book Company operations, and working closely with the Managing Director of the U.K. company, the successful applicant will be a qualified accountant with senior level financial experience gained in an international environment. Exposure to U.S. accounting systems would be an advantage. A working knowledge of management information systems is essential.

Apart from excellent career prospects within a major company, the post offers an attractive remuneration package, including performance related bonus and benefits comprising of a company car, pension, medical and various insurance plans.

McGraw-Hill

Please contact:
Mr. Paul Jenkinson, Human Resources Director, Europe,
McGraw-Hill, McGraw-Hill House, Shoppenhangers Road, Maidenhead,
Berks, SL6 2QL. Telephone: (0628) 23431.

Chief Accountant/Financial Director

City Based. Required by a large International shipping office, the ideal candidate should be aged 30 - 45, qualified to UK accounting standards with knowledge of treasury operations and experience in banking deals. Salary according to age and experience. Please reply in complete confidence with full CV and photograph to
Box A1111, Financial Times,
10 Cannon Street, London EC4P 4BY.
Quoting reference PRL/PER/ACC/01/FT/19.01.89.

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Deirdre McCarthy	ext 4177
Paul Maraviglia	ext 4676
Elizabeth Rowan	ext 3456
Patrick Williams	ext 3694
Candida Raymond	ext 3351

Company Accountant

C. London c.£25,000 plus fully expensed car

An established manufacturer and importer of quality fashion enjoys substantial financial and technical backing from its parent company. Projected 1989 turnover is £10m and there are ambitious plans which could include stock market flotation.

As controller of the accounting function you will oversee a sophisticated financial system, featuring software specifically designed for this client's business. Therefore, balanced experience of both financial and management accounting functions combined with computer literacy are called for. In addition you should be able to demonstrate excellent combination skills plus a degree of commercial acumen.

The position offers substantial challenge now and planned expansion will ensure continued interest in the longer term.

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting ref: FT/040.

PD Consultants

MANAGEMENT · SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273

HIGH TECHNOLOGY - CHELSEA - c£45,000 package + benefits + car + options

INGRES
RELATIONAL TECHNOLOGY

- FINANCE DIRECTOR -

Relational Technology is the leading supplier of distributed relational database software and has been established 3½ years in the UK. During this period the UK Company has grown to 125 employees and a turnover of £10m; more explosive growth is forecast.

We seek a Finance Director for the UK operation to take complete control of the F&A, MIS and HR function.

The following experience is absolutely necessary:

1. High tech background, preferably software supply or software services.
2. Computer literacy including the use of spread-sheet technology.
3. Dynamic growth environment, with a turnover in excess of £10m.
4. Group experience, either in a parent company or a subsidiary, preferably of US listed corporation.
5. A formal accountancy qualification.
6. Management through managers.
7. An indestructible sense of humour.
8. Availability with a maximum of 60 days notice.

The Directors, including the Managing Director, are in their mid to late 30's and the right candidate will complement this age range.

If you meet the above criteria and would like to have fun in an informal friendly and hard-working environment, please send your CV to:

Mr R E Shand, Chief Financial Officer International Operations,
Relational Technology International Ltd., Anchor House,
15-19 Britten St., London SW3

Financial Controller

Central London c.£30,000 + Car

Our client is a substantial international group of property investment, development and construction companies with a net tangible worth in excess of £50 million.

Its involvement in prestigious building projects, both civil and domestic, has established the group as one of the leaders in its field and it is now committed to increasing its activity in the areas of property and related investment.

At this exciting phase in their development, they are seeking to appoint a qualified accountant, aged ideally between 28-35. The position will carry responsibility for all fiscal aspects of the business and calls for the ability to contribute to the overall financial planning and direction of the group.

Candidates should be able to demonstrate solid financial management expertise, possibly gained within a property related business or at a group HQ.

Full C.V.s should be sent to **Sue Ritchie, Executive Recruitment Consultant** quoting reference SR/S6113.

Hays Allan
Management Consultants

Southampton House, 317 High Holborn, London WC1V 7NL
Also at Cambridge, Canterbury, Exeter and Reading

Executive Search and Selection

MANAGEMENT ACCOUNTANT

£25,000 + Share Option + Car — Bexley, Kent

Pharmax Limited is the progressive and rapidly expanding UK marketing and manufacturing subsiduary of a research based US Health Care Group.

As a result of growth, we are looking for a qualified Accountant to strengthen our financial team.

Reporting to the Financial Director, the successful applicants will initially be involved in reviewing and updating our computer based Financial and Management Information Systems; the preparation and monitoring of Budgets and Forecasts and ad hoc financial analysis of projects and business development opportunities.

There is an excellent career opportunity for an individual with relevant commercial experience gained in a manufacturing environment who is looking for a broad role in the financial and taxation affairs of the company and has the potential to progress to a Company Secretarial appointment.

Attractive remuneration package including non contributory pension scheme and assistance with relocation expenses where necessary.

Please write in confidence with full career details to:-

Bill More
Pharmax Limited
Bourne Road
Bexley
Kent DA5 1NX
Telephone: 0322 91321

GRE Asset Management

Head of Investment Accounting

Unit Trusts

Docklands — up to £25,000 basic + valuable benefits

Our client, GRE Asset Management Limited, the newly independent arm of the Guardian Royal Exchange Group, manages the securities owned by the Group and funds worth some £400 million of the ten GRE unit trusts. Currently administered externally, the unit trusts will be brought in-house in the near future. The newly appointed administration manager requires a key executive to establish, manage and oversee the continuing development of an efficient investment accounting department.

Your brief, initially, is to recruit a core team of investment accounts staff and to establish the necessary administration and accounting procedures. Thereafter your department will be responsible for investment accounting, daily pricing and the production of fund accounts. You must ensure that compliance regulations are adhered to.

Probably aged 25-35 with a recognised accountancy qualification you are currently working within a unit trust group in a supervisory capacity. You must have a thorough knowledge of trust accounting including portfolio valuations and taxation. Recent exposure to computerised systems is essential. As this is a new operation the appointee must possess the requisite drive and initiative to ensure an efficient and effective department.

For a strictly confidential discussion, telephone or write to our advising consultant, Fiona Law quoting reference 1172.

Guardian Royal Exchange is an equal opportunities employer.

FLA
Financial Search and Selection

FINANCIAL CONTROLLER
WANT A DYNAMIC FUTURE WITH SOME GREAT CHARACTERS?...

Continuing expansion has created a fantastic opportunity at Dakin UK, one of the fastest growing companies in East Anglia. We are Britain's leading supplier of soft toys, and part of a multinational corporation with a turnover exceeding $200 million. We have the exclusive licence for some of Britain's most popular character toys, including Garfield and most recently Dennis the Menace.

Our modern offices are just a few minutes out of Cambridge, set in attractive countryside with easy access and plenty of free parking.

We are looking for a lively character to take a kingpin role in an expanding company with an exciting future. To the right person we are offering a generous salary with an attractive package of benefits including company car, pension, PPP and profit-sharing scheme.

The person appointed to this key senior position should be suitably qualified and will be responsible for the management and daily operation of all general accounting and book-keeping functions including daily cash management, and inter company accounts.

He/she will be responsible for the preparation of annual budgets, of monthly financial statements, and of all schedules and reports needed for auditing purposes. He/she will liaise with bankers on all financial matters, and carry out any financial assignments arising.

Applicants under 35 may not be sufficiently experienced to undertake this most challenging position.

The ability to speak a foreign language would be a real asset, and non-smokers are preferred.

For an application form, please contact Madeleine Lugton at Dakin UK, Dakin House, Pembroke Avenue, Waterbeach, Cambridge CB5 9QR.
Tel: 0223 863344
Fax: 0223 862580
Telex: 818357 RDAKIN G

A Dakin is for Keeps

FINANCIAL CONTROLLER

South East Essex c.£25,000 + car

Our client is a publicly quoted engineering and manufacturing group of companies with turnover of £13m.

A financial controller is required to take full responsibility for the accounting function of the group managing a sizeable department with particular emphasis on interpretation of management information.

Applicants should be qualified accountants aged 28-40 who are familiar with computerised systems and have gained accounting experience within a manufacturing environment either within industry or a professional firm of accountants. It is anticipated that the successful candidate will be appointed to the Board of a subsidiary company once they have adequately demonstrated their abilities.

Please send career and personal details quoting reference F/939/A to Carrie Andrews.

Ernst & Whinney
Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Operational Audit

Midlands or Thames Valley based mid/late 20's c£25,000 + car

Our clients are a major industrial group, competing successfully at the forefront of the communications revolution. They already dominate the UK market and have a substantial international presence but are ambitious for further organic growth and acquisition. In response to this demanding business environment they have recently restructured the operational audit function to provide management with an objective investigative resource and vacancies exist to join this team. Routine compliance audit is carried out locally so that the team's responsibilities centre on the review of operational systems to optimise control and efficiency. The role is highly professional with a commercial bias and, therefore, provides an ideal bridge from the profession to a career in industry. Management recognise this experience as an excellent base for planned personal development within the group. Applicants must be qualified, with valid audit-based experience gained either in the profession or industry. Ref: 1682/FT. Send CV (with current salary and daytime telephone number) or write or 'phone for an application form to R A Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours.)

Phillips & Carpenter
Selection Consultants

FINANCIAL CONTROLLER

required by

International Gaming and Leisure Equipment Distributors

NORTH LONDON/HERTS — Excellent salary package

An expanding private group of companies seeks a qualified chartered accountant with several years commercial experience. Responsibilities include financial investigation analysis and Budgetary control for the group.
In addition the successful candidate will develop and maintain effective management reporting systems and assist the directors in highlighting and solving commercial problems.

Applicants should send a full C.V. quoting current salary to Mr. N. Veitch,

EUROCOIN

Eurocoin Limited, Fortune House, Moxon Street, Barnet, Herts EN5 5SD.

FINANCE DIRECTOR

c.£35K + Potential Share Options (London Heathrow)

Our client is the European leader, dominant in the U.K. in providing computer systems to hotels.

- Established in 1981 turnover, approaching £7m, has grown at a compound rate of 35% per annum
- They have offices in London, Edinburgh, Paris, Nice, Toulouse, Brussels and Utrecht. Further expansion is anticipated throughout the EEC
- Planning for a USM Flotation is underway.

They seek a Chartered Accountant educated to degree level.
Key responsibilities lie in:
- Ensuring the relevance and integrity of financial information produced within the company and the interpretation of that information.
- Ensuring that the control systems within the company evolve as needed.
- Maintaining first class relationships with the company's Bankers, Auditors, Lawyers and other professional advisors.
- Involvement in all activities to achieve the successful USM Flotation.

It is unlikely anyone over 35 years of age will have the energy and drive to cope with the continued expansion of the company.
For further information please telephone Philip Mayer on 01-730 2122 or write, stating the skills you offer to meet the key responsibilities outlined.

Executive Resources Limited.
Fourth Floor, 38 Grosvenor Gardens,
London SW1W 0EB. Tel: 01 730 2122.

ARE *YOU* AN ENTREPRENEURIAL FINANCE DIRECTOR?

We are a young, exciting and aggressive company. We are already a leader in toiletry products and intend to expand rapidly by diversification and acquisition.

You are a qualified accountant with entrepreneurial skills. You will join an effective and competent management team.

You will be appointed Finance Director to be responsible for:
- Development and control of the company's highly computerised systems
- Overall financial organisation of the company
- The provision of financial and management information.

And play a leading role in the development of policy and business strategy.

Salary and benefits are negotiable and will reflect your true worth. *You are unlikely currently to be earning less than £40,000 p.a.* If you feel you are the right person for this job, please apply in writing to:

The Chairman
Grosvenor of London plc
49 Marylebone High Street, London W1M 3AD

FINANCIAL/COMMERCIAL DIRECTOR AGE 35-45

£60K + PACKAGE INCV. BASE, QUAL. CAR AND OTHER BENEFITS

Meritlink, one of the UK's leading distributors of electrical products seeks a Financial/Commercial Director with accountancy qualifications enabling the direction of acquisitions and control of rapid expansion.

The appointee should come from a multi-national corporate or similar growth environment that may possibly be lacking in opportunities for more creative management. It is imperative that applicants can demonstrate an entrepreneurial flair at initial interview.

Reporting directly to the Chairman, it is important that the appointee has the presence to support his forward development strategies across the full range of company activities.

The post involves some international travel and represents strong financial and career security at the same time affording the opportunity to extend full potential.

To arrange an early interview call Greg Eaton on 01-906 3633 between 9.30 - 6pm January 19th. Previous applicants need not re-apply.

J A C

JAPANESE CONNECTIONS

RECRUITMENT

1 NEWLY QUALIFIED A.C.A. FOR P.A./SPECIALIST ROLE — CIRCA £24K

Ideal candidate - High calibre, experience of big 8 capital markets. Should have a project based/analytical background.

2 SWAP ACCOUNTANT — SALARY NEG

Would suit bright graduate/part qualified/failed A.C.A. interested in this area

3 ASSISTANT ACCOUNTANT — CIRCA £14K

Part-qualified for number 2 position in financial company account dept.

4 SEMI SENIOR ACCOUNTS ASSISTANT — CIRCA £12K

Experience in expense analysis, budget preparation and expense monitoring against budget. Preferably from a commercial rather than a C.A. background.

IF YOU FEEL YOU CAN OFFER YOUR EXPERIENCE TO THESE POSITIONS PLEASE CALL: DAVID HILL AT J.A.C. ON 01-796 3132

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FINANCE MANAGER – TO £30K TAX FREE

Muscat

The position of Finance Manager provides an excellent opportunity for a Chartered Accountant to broaden his experience in an overseas working environment. The immediate attractions of this appointment are the professional challenge of the job of maintaining unquestionably high standards of financial control of an operating business unit; the career prospects and cachet of working with a renowned British worldwide trading and services group; the lifestyle afforded expatriates with a high disposable income and a host country with a reputation as one of the most favoured overseas postings. Reporting to the Managing Director, and an important integral part of the senior British management team, you will be based in MUSCAT, the capital of the Sultanate of Oman, and be responsible for the financial control of this company which has an annual turnover of £14 million. The main business activities are the marketing and distribution of respected brands of wines, spirits and fast moving consumer goods, industrial products/equipment, shipping and travel agencies. You will have a department of five but will be indirectly responsible for 25 staff whom you will be expected to manage, motivate and train effectively. There is an active and clearly defined functional responsibility to the Group Financial Director to develop and refine systems in compliance with group financial policy. Ideally aged between 28-33 and computer literate, you will have had sufficient commercial experience which indicates both the potential and the ambition to progress to more senior levels of responsibility. This position is offered with a comprehensive benefits package including full married status and interested candidates should telephone Roger Lilley TODAY on 0784-71666 or write to him at:- Roger Lilley Associates, International Management Recruitment, Runnymede Malthouse, Runnymede Road, Egham, Surrey TW20 9BQ.

ROGER LILLEY
ASSOCIATES
International Management Recruitment

Group Financial Controller

LONDON To £28,000 + Car + Benefits

Our client is a highly successful privately owned group of companies involved in all aspects of construction, property and leisure.

Due to continuing expansion the Group Financial Director now needs to strengthen his head office team by appointing a Senior Controller. The appointee will be involved in all aspects of the finance function including system appraisal, development and implementation.

Candidates for this appointment will be qualified accountants aged in their late 20's to mid 30's who are seeking a positive career move where there are excellent prospects for future development.

Please send a full CV with hand-written covering letter quoting reference M527 and also state clearly under separate cover any companies to which you do not wish your application forwarded.

MOORES & ROWLAND

Clifford's Inn
Fetter Lane, London EC4A 1AS

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED
A MEMBER OF MOORES ROWLAND INTERNATIONAL

Caring for Careers

TREASURY ACCOUNTANT £26,000 + Car + Benefits
This Multi-National engineering group has recently expanded its global Treasury operation. Based at the London Head Office you will report directly to the controller, and be expected to work on the day to day financial accounting, reporting systems and procedures relating to the Treasury function. Ideally aged 25-30 with three years post qualification experience, good interpersonal skills, an alert mind and a willingness to learn are essential. Career opportunities within this successful group are excellent either within the UK, European or US operations.

FINANCE MANAGER £30,000 + Car + Benefits
This well established company specialising in the design and project management of offshore oil and gas installations is seeking a mature qualified accountant (30-40 max) who is well used to pressure and responsibility combined with possessing very good interpersonal skills. Responsibilities will include managing the financial aspects of the company's operations and advising management on the commercial considerations of a wide range of business options. Benefits, both financially and professionally are what one would expect from a hugely successful company of this size.

FINANCIAL CONTROLLER £27,000 + Car
This prestigious role within an expanding service company requires an experienced qualification accountant with a very professional and business-orientated outlook. You will have total responsibility for the financial and administrative affairs of the company, and therefore be able to contribute significantly in the planning and implementation to further develop the business. A service industry background is essential and for this high profile position you must have excellent communication skills, be self-assured and a self-motivator. Reporting directly to the Chairman, prospects are unlimited within this profit orientated organisation.

GROUP ACCOUNTANT £26,000
A rapidly expanding holding company with subsidiaries engaged in the manufacture of basic industrial/consumer goods, urgently require a corporate ACA aged 28-35 to form a key part in their London-based Head Office. Technical experience should encompass Financial/Management accounting, consolidations, tax and the ability to transfer figures into a meaningful management tool. The ideal candidate can look forward to a very rewarding career as a promotion to the board of Directors has been indicated for the near future.

MANAGEMENT/FINANCIAL ACCOUNTANT £28,000 + Car + Benefits
A Blue Chip financial company part of an incorporation reckoned to be the largest in its field, has created the following vacancy for a dynamic qualified accountant aged 25-30 with a minimum of 2 years post qualification experience. Managing a department of six, responsibilities will cover the preparation of monthly management accounts, budgets to tight deadlines, financial accounts in US and UK formats as well as currency analysis and some corporation tax. Although experience gained within the finance sector would be advantageous, excellent communication/personal computing skills are essential.

TARIFF ACCOUNTANT £25,000
Part of a major worldwide organisation, one of the UK's fastest growing companies is seeking a high calibre businessman or woman to enter a new and vitally important area of this communications business. Working closely with the Marketing Department you will need to show initiative as well as analytical skills and be able to communicate your ideas effectively. You will be required to take a completely corporate view on tariffs and set out the strategy for the future profitability of the business. Reporting to the Financial Controller, you should be aged between 30-40 and ideally possess an MBA, but if not, an accountancy qualification. This is an excellent opportunity for the right person to become totally involved in this business where prospects are superb.

Open ACCOUNTANCY

201 VICTORIA STREET LONDON, SW1
01-828 9919

34/36 THE BROADWAY	11/15 MARKET STREET	20 WEST STREET
CRAWLEY	GUILDFORD	BRIGHTON
WEST SUSSEX	SURREY	EAST SUSSEX
0293 560996	0483 578900	0273 207261

FINANCIAL DIRECTOR DESIGNATE
LLOYD'S MANAGING AGENCY

CITY c £35K + Bens + Car

Our client is a highly successful, rapidly expanding Managing Agency. They need an energetic and ambitious Chartered Accountant to take full responsibility for the company's accounting and finance function.

This is a KEY POSITION FOR THE FUTURE DEVELOPMENT OF THE BUSINESS. The role will entail a 'hands-on' approach to all aspects of the company's accounting transactions including the preparation of management and statutory accounts, budgeting, forecasting and the financial review of new projects and expansion plans.

Applicants should be computer literate and aged between 30 and 35 with extensive accounting experience in the Lloyd's environment.

For more details, please write with extensive CV, quoting Ref. PGC, FT1 to Paula Manning.

LITTLEJOHN FRAZER
2 CANARY WHARF
LONDON E14 9SY

FINANCE DIRECTOR
(Designate)

To £25K, Bonus, Car & Benefits

Sheffield

Our client is a well established family company producing high quality safety equipment. Whilst their current turnover is in the region of £1 million, recent changes in their product range have started to generate a further growth in sales. Their current financial director will be retiring in the near future and they are looking for someone who will:

- manage the finances of the company,
- have overall responsibility for the provision and presentation of management information using computerised systems,
- have overall responsibility for central administration,
- act as Company Secretary.

Candidates should have a recognised accountancy qualification and experience of working at a senior level, ideally in a marketing/distribution environment involving export sales. This is an excellent opportunity for someone to have a long-term future with a developing company which actively requires participation in the overall running of the business.

Apply in confidence, by sending a CV to: Trevor Tindell, Grant Thornton Management Consultants Limited, 5th Floor, St. Johns Centre, 110, Albion Street, Leeds LS2 8LA quoting Reference S107.

Grant Thornton
Management Consultants

FINANCIAL DIRECTOR (DESIGNATE)

SOUTH ESSEX - £30,000

Our client is a fast expanding company in the food wholesaling business and has built up a considerable reputation in the trade.

A first class opportunity has now arisen for a qualified accountant to head up the finance and administration team. Reporting to the managing director the applicant is required to develop management systems and negotiate with bankers together with performance reviews.

Candidates should be between 32-45 and will need to demonstrate commercial awareness to enable them to be able to contribute at Board level. Knowledge of import procedures and foreign currency transactions desirable.

The remuneration package will include negotiable salary and executive car.

Interested applicants should send a comprehensive career C.V. to D J Barwick, FCA, D J Barwick & Co., Chartered Accountants, 609 Romford Road, Manor Park, London E12 5AD

Financial Controller

Oxford based c.£35-40,000 + car + benefits

RM RESEARCH MACHINES

–A highly successful British company making and marketing a range of micro-computers and network products. Founded in 1973, profitable every year since then, growing at over 60% pa, with 1989 turnover expected to exceed £50 million.

THE REQUIREMENT–Is for a Financial Controller, reporting to the Finance Director, to take responsibility for all Financial and Management Accounting and Accounting Systems Administration.

THE PERSON–A dynamic and motivated, but mature C.A. ideally in his or her early 30's with experience in manufacturing industry. Good communication and management skills and an ability to implement sound systems and controls in a rapidly growing company are essential.

This position will ATTRACT those who:
- are excited by the challenge of controlling a dynamic and fast growing company.
- will benefit from the experience of working with the F.D. in preparing the company for a possible Stock Exchange listing.
- have the potential to make a senior management contribution in the company as it moves to a Divisionalised Business structure and develops its European opportunities.
- enjoy working with a particularly high calibre and motivated management team in a single status company.

Please write in confidence enclosing full career summary and indicating current salary level to Peter Lever, quoting reference 1905.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St. London W1X 3TD. 01-499 8811

GROUP ACCOUNTANT

Circa £25,000 plus car plus benefits

To join a medium sized, highly successful and profitable electrical engineering plc involved in the design, manufacture and sale of specialised products.

Located in Berkshire close to the M4. The post involves all aspects of the group's financial administration and reports directly to the General Manager. The company has trading subsidiaries in the UK, USA, Canada and New Zealand and some travel will be required.

Candidates should be ACA or ACCA and have been qualified for at least 2 years. Experience of consolidating overseas subsidiaries would be an advantage. Please forward your cv by 2nd February to:

Box A1110, Financial Times,
10 Cannon Street, London EC4P 4BY

COMPANY NOTICES

NATIONAL BANK OF CANADA

US$ 50,000,000
Floating Rate Deposit Notes due July 1991

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from January 17, 1989 to July 17, 1989, the Notes will carry an interest rate of 9 13/16 % per annum.

The interest payable on the relevant interest payment date, July 17, 1989 will be US$ 246.68 per US$ 5,000 Note.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

KOREA GROWTH TRUST

International Depositary Receipts evidencing Beneficial Certificates representing 1,000 Units

Notice is hereby given to the Unitholders that Korea Growth Trust declared a distribution of Won 557,000 per IDR of 1,000 Units payable on January 27, 1989 in the Republic of Korea.

Payments of coupon no 4 of the International Depositary Receipts will be made in US Dollars at one of the following offices of Morgan Guaranty Trust Company of New York:
- Brussels, 35, avenue des Arts
- New York, 30, West Broadway
- London, 1, Angel Court
- Frankfurt, 44-46, Mainzer Landstrasse
- Zurich, 38, Stockerstrasse

The amount of dollars shall be the net proceeds of the sale by the Fund of the won amount to a foreign exchange bank in the Republic of Korea at its "spot" rate on January 27, 1989. The proceeds of the coupons presented after January 27, 1989, will be converted into US Dollars at the prevailing spot rate of the day following their presentation, and will be distributed to the Unitholders in proportion to their respective entitlements and after deduction of all taxes and charges of the Depositary.

Holders residing in a country having a double taxation treaty with the Republic of Korea may obtain payment of their coupons at a lower rate of the Korean non-resident withholding tax, on condition that they supply the Depositary or through one of the designated sub-paying agents a certificate showing their residence together with a copy of the certificate of incorporation or a copy of the passport for individuals. Those documents are requested by the Korean National Tax Administration Office as evidence of residence and without them the full rate of 26,875 pct Korean non-resident withholding tax will be retained.

With respect to the Korea Growth Trust Prospectus and pursuant to clause 18(D) of the Trust Deed notice is also given that, as from May 29, 1989, payment of coupon no 4 will be made under deduction of 26,875 pct of the Korea withholding tax.

Morgan Guaranty Trust Company of New York
Brussels Office, as Depositary
2133P/1744P/CV/1

PORTUGUESE GOVERNMENT 3% EXTERNAL DEBT 1902

In accordance with the law of the 14th May 1902 and the Decree of the 9th August of the same year the Sinking Fund Instalments due 1st January 1989 have been effected by the Junta do Credito Publico in Lisbon as follows:-

1ST SERIES BONDS
Purchases in the market consisted of 2 bonds £20 00 and 4 bonds £100 00 totalling £440 00. The balance of the instalment was made up by the drawing in Lisbon of 1500 bonds of £20 00 each and 260 bonds of £100.00 each, having a total value of £56,000 00.

2ND SERIES BONDS
Purchases in the market consisted of 11 bonds of £19 80 and 1 bond of £99.50 totalling £316.30. The balance of the instalment was made up by the drawing of 250 bonds of £19 80 and 10 bonds of £99 50 each, having a total nominal value of £5,970.00 in accordance with the terms of the General Bond, bonds of this series are repayable at a premium of 2½% of their face value.

3RD SERIES BONDS
The instalment has been met by the drawing of 728 bonds of £19.00 each and 174 bonds of £99.50 each having a total value of £31,800.30 together with an equal number of non interest bearing bonds.

The afore-mentioned drawn bonds are repayable from 1st January 1989 to 31st July 1994 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & CO., LIMITED, 8 Bishopsgate, London, EC2N 4AE, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

HYOSUNG (AMERICA), INC
US $ 30,000,000 Guaranteed Floating Rate Notes Due 1991
unconditionally and irrevocably guaranteed by
HYOSUNG CORPORATION
and
TONGYANG NYLON CO., LTD

In accordance with the provisions of the floating rate notes, notice is hereby given as follows:

Interest period: 17th January, 1989 to 17th July, 1989
Interest payment date: 17th July, 1989
Interest rate: 9.8125% per annum
Coupon amount: US Dollars 12,333.77 per note of US Dollars 250,000

Banque Internationale à Luxembourg
Société Anonyme
Agent Bank

THE TAIYO KOBE BANK, LIMITED
NOTICE TO THE HOLDERS OF
U.S.$120,000,000 1¾ per cent. Convertible Bonds due 2002
of offering of shares to shareholders

Pursuant to Clause 7 (E) of the Trust Deed dated 28th September, 1987 constituting the above Convertible Bonds (the "Bonds") and condition 5 (C) of the terms and conditions of the Bonds, notice is hereby given as follows:

The Company will offer rights to subscribe for the shares of common stock of the Company at an issue price of Japanese Yen 670 per share to the shareholders of record as of 3.00 p.m. 18th January, 1989 (Japan Time) at the rate 0.1 share for each one share. As a result of such offering, the conversion price of the above Bonds have been adjusted in accordance with condition 5 (C) of the terms and conditions of the Bonds from Japanese Yen 1,677 to Japanese Yen 1,597.70, effective as from 19th January, 1989.

THE TAIYO KOBE BANK, LIMITED
LONDON BRANCH
(As Principal Paying Agent)

Dated: 19th January 1989

LEGAL NOTICES

EXCHANGE SECURITIES & COMMODITIES LIMITED AND RELATED COMPANIES

ADVERTISEMENT PURSUANT TO CLAUSE 8(3)
SCHEME OF ARRANGEMENT

EXCHANGE SECURITIES & COMMODITIES LIMITED
EXCHANGE SECURITIES FINANCIAL SERVICES LIMITED
EXCHANGE SECURITIES INTERNATIONAL LIMITED
EXCHANGE SECURITIES INVESTMENT MANAGEMENT LIMITED
THE FUTURES INDEX LIMITED
GOOD GOLLY PRODUCTS LIMITED
ERGOMIN METALS LIMITED
EXMEX LIMITED
NEWLIGHT COFFEE COMPANY LIMITED
NEWGATE METALS LIMITED
JURY PUBLISHING LIMITED
CINNEBAR SECURITIES LIMITED
WARWICK CASTOR OIL COMPANY LIMITED
BAYTREE BREWERY LIMITED
AND FRECIS (735) LIMITED

Notice is hereby given by Stephen Strickland James, the Administrator of the Scheme of Arrangement between the above named companies and the Scheme Creditors sanctioned by the Court on 13th October 1986, that any person considering themselves to be Scheme Creditors and who have not received notification from the Administrator pursuant to Clause 8(2) of the Scheme (such notification stating the valuation by the Administrator of the Scheme Creditor's Scheme Claim) is required to submit written details of their claim to the Administrator at Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD within 21 days of the date of this advertisement.

S.S. JAMES
ADMINISTRATOR

No. 006786 of 1988

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
SOUTH GREEN HOLDINGS P.L.C.
(formerly Metamec Jentique P.L.C.)
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 12th day of December 1988 confirming the reduction of the capital of the above-named Company from £1,980,000 to £396,000 and the Minute approved by the Court and showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 30th December 1988.

DATED this 17th day of January 1989.

Berwin Leighton
Adelaide House
London Bridge
London
EC4R 9HA

Tel: 01-623 3144
Ref: IL/M467/5
Solicitors for the above-named Company

Scottish Financial And Professional Services

The Financial Times proposes to publish this survey on:

Friday, March 17th 1989

For a full editorial synopsis and advertisement details, please contact:

Kenneth Swan on 031-220-1199

or write to him at:

37, George Street
Edinburgh
EH2 2HN
FAX:
031-220-1578

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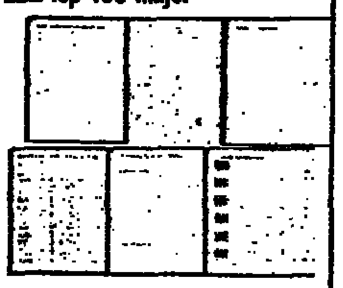

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Statistics and Analysis. Graphs showing the FT Ordinary Share Index, FT Actuaries British Government All-Stocks Index, FT-SE 100 Index, London Dow Jones Industrial Average Index and the Standard and Poors 500 Composite Index for New York and the Nikkei Average Index for Tokyo. A Guide to FT Statistics defines the indices found in the Financial Times. Weekly analysis chart for scheduling and planning over a year. Includes weights and measures, international clothing sizes, metric conversions and graph paper for your own analyses.

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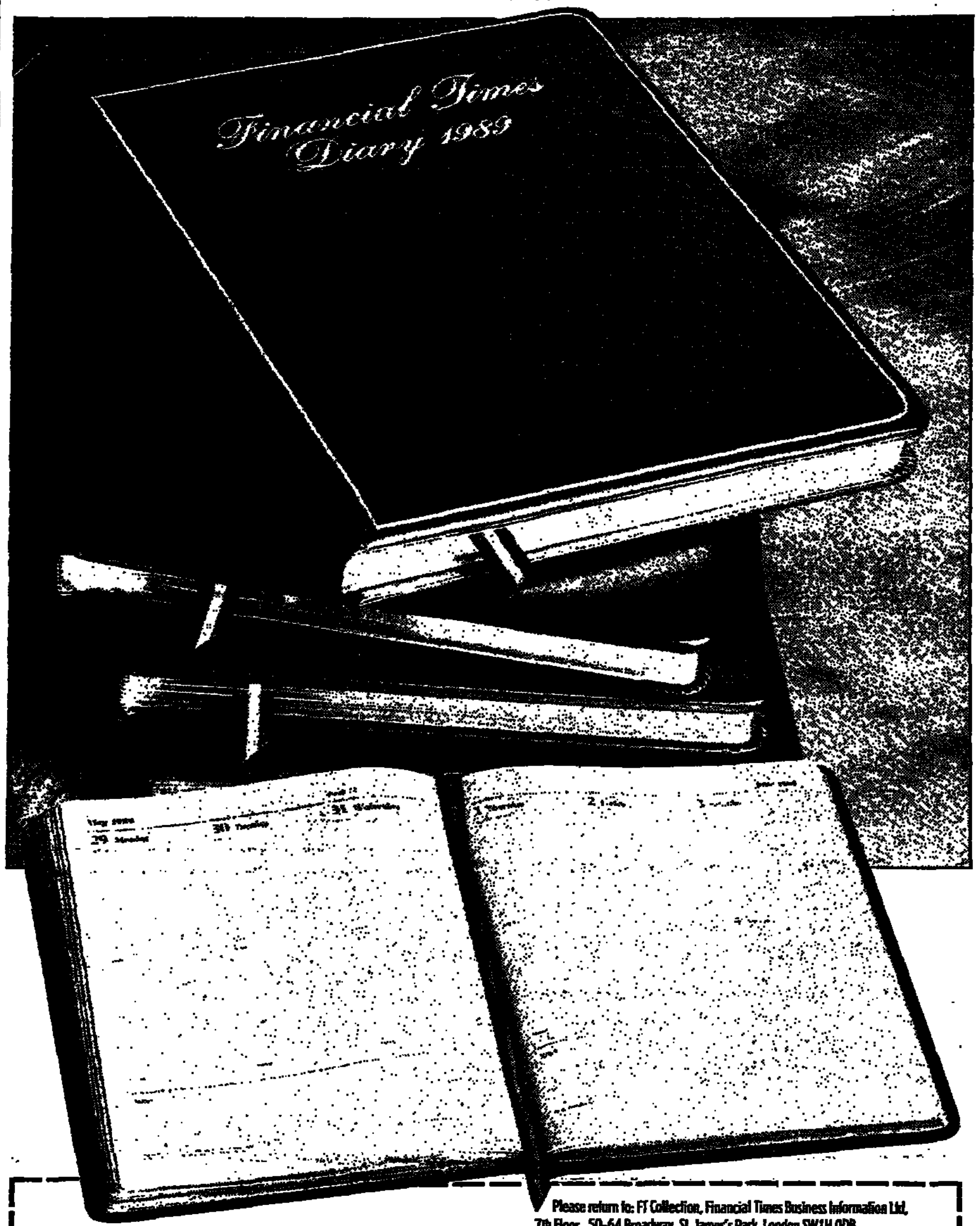

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DC	07020	0499	Desk Diary, black leathercloth	£20.47	£25.85	£14.44	£14.13	£13.50	£13.03	£11.77	
PL	07031	0457	Pocket Diary, black leather	£11.44	£10.95	£8.74	£8.55	£8.17	£7.88	£7.12	
PP	07274	2141	FT Pink Pocket Diary, black cover, pink pages	£11.04	£10.60	£8.37	£8.19	£7.86	£7.55	£6.82	
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PC	07262	0561	Pocket Diary, black leathercloth	£10.17	£9.85	£7.68	£7.51	£7.18	£6.93	£6.26	
WP	07316	2335	Wallet, black leather, fits PP	£22.94	£20.95	£17.89	£17.50	£16.73	£16.14	£14.59	
WB	07304	2330	Wallet, burgundy leather, fits PB	£21.21	£19.45	£16.51	£16.15	£15.44	£14.90	£13.46	
WL	07298	2325	Wallet, black leather, fits PL and PC	£21.21	£19.45	£16.51	£16.15	£15.44	£14.90	£13.46	
FBL	–	–	Factminder, black leather personal organiser	N/A	N/A	£26.95	£26.37	£25.20	24.32	£21.98	
FBG	–	–	Factminder, burgundy leather personal organiser	N/A	N/A	£26.95	£26.37	£25.20	£24.32	£21.98	
					TOTAL NUMBER OF ITEMS ORDERED						

Gold Blocking Initials/Surname (optional extra)

Personalised gifts are much appreciated and cost very little extra	1-24 (U.K.)	1-24 (Overseas)	25-49	50-99	100-249	250-499	500 +	QTY
Initials and Surname (only available on diaries)	£3.56	£3.10	£2.85	£2.79	£2.67	£2.57	£2.32	
Initials only	£1.78	£1.55	£1.43	£1.40	£1.34	£1.29	£1.17	

Please note: The Chairman's Set consists of two items therefore blocking charge is double. We regret refunds cannot be given for gold blocked items.

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There is an origination charge of £30 per order. If you supply your own blocking brass or if we hold a brass from previous years, we'll give you a £20 reduction. If you require logos on two different sizes of product it may be necessary to have two different sized logos.			NUMBER OF ITEMS TO BE BLOCKED					
	1-24 (U.K.)	1-24 (Overseas)	25-49	50-99	100-249	250-499	500 +	QTY
	N/A	N/A	The process of goldblocking your diaries/organisers is FREE					

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Card Number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐
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Expiry Date:
(Please complete, as your order may be returned if expiry date is not shown.)

Despatch No:
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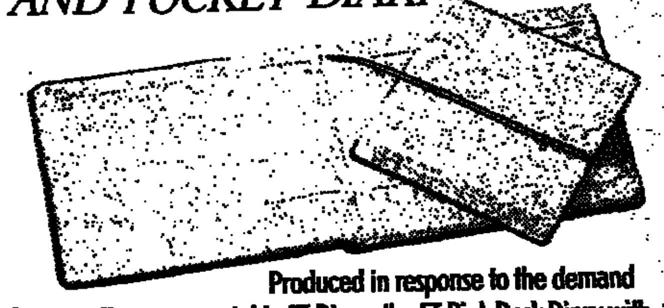

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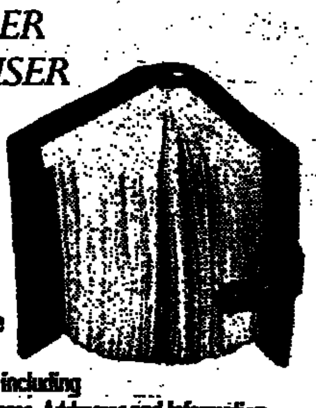

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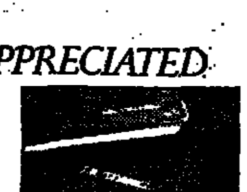

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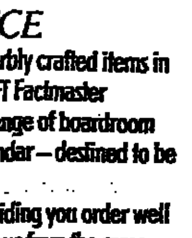

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FINANCIAL TIMES
COMPANIES & MARKETS
Thursday January 19 1989

INSIDE

Shhh – you know who's trading

The noise and hurly burly of pits in the London International Financial Futures Exchange is hardly conducive to secret keeping. Yet West German banks, which trade their government's Bund contract, are going to considerable lengths to hide their presence in the London market. Katharine Campbell explains why they would face a testing political dilemma if they were seen to be openly supporting Liffe. Page 23

A bitter Cocoa brew

The International Cocoa Agreement, which seeks to stabilise prices of the commodity by a system of intervention buying, begins a crucial meeting in London today amid deepening fears about its future. Page 28

Tighter rein on the Bombay bull

A package of reforms was hustled through last week to improve liquidity on the currently bullish Bombay Stock Exchange. As investors return to the market, the authorities have been acting to limit the scope for malpractice. Insider trading, short selling and the issuing of misleading prospectuses by disreputable companies thrived three years ago, when Bombay's last bull market was at its height. Page 21

Benelux steel groups make a sparkling comeback

Strong contenders to win the prize for Europe's most sparkling investment comeback of recent months must surely be the three main quoted steel producers of the Benelux countries. They are turning in their first profits for years, thanks to an upturn in demand. Page 40

Danes prepare potent chemistry

The battle for supremacy in the world market for insulin took another turn last week when Denmark's pharmaceuticals giants, Novo and Nordisk Gentofte, announced they were to merge. A strong Danish biotechnology company capable of taking on the might of Eli Lilly of the US is the declared aim of Mr Mads Ovlisen (above), chief executive of Novo. But first beneficiaries of the grand alliance will be researchers with more money to spend, reports Hilary Barnes. Page 20

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Nixdorf	332.5	+	10.5
D'sche Babcock	155	+	4
Feldmuehle	303.5	+	7.5
NEW YORK ($)			
Rises			
Amer Home			
Prods	$92\frac{1}{2}$	+	$\frac{7}{8}$
IBM	$124\frac{1}{8}$	+	$\frac{7}{8}$
Pilgrim's Pride	$7\frac{1}{8}$	+	$1\frac{3}{8}$
Tandem Comp.	$18\frac{3}{8}$	+	$1\frac{1}{4}$
Falls			
CS&T Bancshares			
	32	–	$\frac{3}{4}$
Wang Labs	$6\frac{3}{8}$	–	$\frac{1}{4}$
PARIS (FFr)			
Rises			
UFB-Locabail	440	+	20.9
Occidentale Gen	920	+	41.9
TRT	1194	+	45.4
Falls			
Locafrance	432.1	–	17
Hoeta	587	–	21
Euromarche	2570	–	79.7
TOKYO (Yen)			
Rises			
Kinsnon Mfg.	1930	+	300
Nichido	1280	+	190
Kanto Nat Gas	1520	+	200
Nippon Koshi Sil	1010	+	107
Falls			
Nihon Tok Toryo	1610	–	120
Sakura Rubber	1120	–	80

New York prices at 12.30.

LONDON (Pence)			
Rises			
AB Electronic	386	+	17
BAT Inds.	$484\frac{1}{2}$	+	$15\frac{1}{2}$
BPB	240	+	8
Boot (H.)	309	+	15
Brent Walker	361	+	11
Brit Telecom	273	+	$8\frac{1}{2}$
Cable & Wire	385	+	9
DRG	463	+	13
Enterprise	524	+	14
Glaxo	1091	+	22
Grand Met	465	+	13
Guinness	353	+	10
Highland Dist	148	+	8
ICI	1069	+	6
J'sons Bns. End	103	+	15
Keep Trust	310	+	19
Lloyds Bank	348	+	9
Logica	382	+	24
Lookers	172	+	15
Low (Wm)	264	+	8
Mccarthy	277	+	24
Tarmac	258	+	9
Tate & Lyle	882	+	19
Wickes	206	+	11
Falls			
Sidlaw	132	–	6

GE, Alsthom venture set for American link

By Nick Garnett in London

THE HEAVY engineering company formed last month by General Electric of the UK and Alsthom of France is likely to add a North American arm in a further reshaping of the industry.

The move follows a decision by Combustion Engineering (C-E) of the US, one of North America's three main boiler-making companies, to pool part of its power engineering business with the joint company through an arrangement under negotiation with Alsthom.

The deal would be the latest in a line of mergers and joint ventures in the industry, three of which – including that between GEC and Alsthom – have been announced in the past month.

The talks between C-E and Alsthom involve a joint venture in power station boilers, ancillary equipment and maintenance services which would have combined sales of about $2bn.

If this goes ahead, Alsthom would then place its equity stake in this new venture into the heavy engineering company it is forming with GEC's power systems division. The 50-50 GEC-Alsthom venture will have total sales of £4.1bn ($6.8bn).

C-E, based in Stamford, Connecticut, said yesterday that talks with Alsthom leading to a full agreement were expected to take several months.

The agreement is subject to approval by each company's board and government regulatory agencies in the US, France, Canada and the European Community.

"By combining our resources with those of Alsthom, we shall be able jointly to supply leading technologies for fossil-fueled, steam supply systems on a cost-effective basis in the EC, North America and other important world markets," said Mr Charles Hugel, C-E's chairman and chief executive.

Alsthom is a long-standing licensee of C-E technology through the French company's stein boiler-making subsidiary in France.

C-E is one of North America's three main boiler-making companies alongside Babcock and Wilcox, and Foster Wheeler.

In July last year it took a 35 per cent stake in International Combustion, boiler-making division of Britain's Northern Engineering Industries, which is also a licencee of C-E.

The US company has annual sales of about $3bn, including $1.5bn from power engineering. About $1.3bn of this is being put into the joint venture with Alsthom.

C-E's nuclear engineering, controls and instrumentation businesses will not be included.

C-E announced in November a third quarter loss of $91.7m, making a nine-month loss of $62.8m. A large proportion of this loss was due to problems in completing contracts on plants which convert waste to energy.

IBM held back by a weak performance in US

By Anatole Kaletsky in New York

INTERNATIONAL Business Machines, the world's biggest computer company, yesterday reported moderate growth in its worldwide sales and profits.

It also emerged, however, that the whole of the group's advance in 1988 was due to overseas operations, whereas its US revenues stagnated. The company's domestic profits fell by 30 per cent during the year, although this was largely attributable to one-time charges connected with its early retirement and staff consolidation programme.

The results provoked mixed reactions on Wall Street, where IBM's stock price fell by $\frac{3}{4}$ to $122\frac{7}{8}$ in moderately heavy trading. But most analysts expressed initial satisfaction with the figures and there was little concern about the crucial role of overseas earnings, and therefore of the devaluation of the dollar, in IBM's progress last year.

IBM earned $2.35bn or $3.97 a share after tax in the fourth quarter, a gain of 12.4 per cent on the $2.09bn or $3.47 a share reported a year earlier. The annual profits showed an improvement of 10.4 per cent to $5.8bn or $9.80 a share, although much of the improvement was due to a change in the method of tax accounting. Without this change, 1988 profits would have been up by only 4.4 per cent to $5.5bn, the company said.

Yesterday's announcement also included a breakdown between US and non-US operations, which IBM provides only once a year. This showed that $4.1bn of IBM's worldwide net earnings were attributable to non-US operations. Because this figure was quoted before adjustment for the accounting change, it implied that US operations generated only $1.4bn in unadjusted net profits last year. In 1987, the non-US net profit was $3.3bn and the US net came to $1.9bn, out of the worldwide total of $5.2bn.

IBM's revenue growth last year was also due entirely to overseas operations, and therefore benefited substantially from currency translation gains. Non-US revenues in 1988 were $34.4bn and US revenues were $25.3bn, making a worldwide total of $59.7bn. In 1987 non-US revenues increased by 9.3 per cent to $20.9bn and US revenues were $25.5bn, providing a total of $55.3bn.

IBM's worldwide quarterly revenues increased by 9.3 per cent to $20.9bn and operating costs increased by 7.0 per cent in the quarter to $16.2bn.

Midland takes stake in Lanvin

By George Graham in Paris and Alice Rawsthorn in London

MIDLAND BANK SA, French subsidiary of the UK clearing bank, has taken a 34 per cent stake in Lanvin, the French fashion and perfumes house which has been making heavy losses in recent years.

The stake is Midland's first major equity holding in France, taking the bank into the realms of the French "banques d'affaires" such as Suez and Paribas, which combine capital markets and merchant banking activities with an active portfolio of investments.

It is extremely rare in Britain for a clearing bank to take equity stakes in businesses, although this occasionally happens when debts owed by a troubled company are converted into shares in a last-ditch rescue package.

The deal with Midland ends a long period of doubt.

The Lanvin family, headed by the 67-year-old Mr Yves Lanvin, nephew of the founder, retain control of the company. Mrs Marie-Jeanne Bonnet, Mr Lanvin's daughter, remains at the head of the fashion branch and Mr Bernard Lanvin, his son, at the head of its perfume division.

Clarins, French beauty products group, agreed to buy Lanvin in November 1987, but the deal was never completed, and several other possible buyers were put off by the company's financial position. Several bidders remained, however, in serious contention to the tender mounted over the last few months by Messieurs Hottinguer et Cie, bankers to the Lanvin family.

These are understood to have included Kashiyama, but bankers doubted whether the Japanese textiles company would be permitted by the French Government to buy such a famous French brand name.

Midland in France has been mostly active in the treasury market, fund management and mergers and acquisitions – recently advising the UK's Storehouse on the purchase of the Jacadi children's clothing group. But it has targeted equity investment and development capital as an area for expansion.

Lanvin, with Midland's help, is now expected to implement investment plans – especially the opening of boutiques in the US, Japan and Hong Kong – but will also have to cut back on its heavy financial and operating costs, particularly its over-staffing.

Lanvin is the latest in a long line of old-established Paris fashion houses to have become involved with mainstream industrial and financial concerns.

The world-wide market for luxury goods has grown rapidly in recent years, thereby providing a lucrative new source of business for the fashion houses, which license their names for associated products such as perfume and spectacles.

The potential for licensing has encouraged large industrial and financial concerns to invest in high fashion.

Financière Agache – headed by Mr Bernard Arnault, the dynamic French industrialist – has emerged as the most significant investor by taking control of Christian Dior and Christian Lacroix. Cerus, the French company controlled by Mr Carlo De Benedetti of Italy, is a substantial shareholder in Yves Saint Laurent.

Bourse to investigate LVMH share dealing

By George Graham in Paris

FRANCE'S stock market authorities are to launch an inquiry into possible insider trading in Moët Hennessy-Louis Vuitton (LVMH), French champagne, cognac and luxury goods conglomerate.

The Commission des Opérations de Bourse (COB), which regulates stock market activity, said yesterday it would examine heavy purchases of LVMH shares in the first week of the year, just before the group announced a 50 per cent increase in net profits for 1988.

LVMH shares rose 43 per cent in four days, to a peak of FFr4720 ($761) on Friday, before closing that day at FFr4100. Dealing was particularly heavy on the Thursday, with 246,000 shares changing hands, as the price climbed 20 per cent in a day.

That evening, LVMH published a short announcement of its sales and expected profit in 1988, earlier than initially planned. Activity was intense again on Friday.

Mr Bernard Arnault, who together with Guinness of the UK built his stake in LVMH to 43.5 per cent, was one of the largest buyers. The following week he replaced Mr Alain Chevalier as the group's executive chairman.

COB officials said the inquiry was perfectly normal in the light of the unusually heavy dealings in LVMH shares. It noted, however, that if it uncovered new information it could also reverse its decision not to require a full bid for LVMH from Mr Arnault.

No savage teeth marks in the Yorkie bar

David Waller looks at Rowntree after six months of Nestlé control

BITTERLY fought bid battles usually result in rationalisation on a grand scale. The most extreme example of this is the way Lord Hanson, chairman of British conglomerate Hanson Trust, goes about dealing with vanquished takeover victims: victory is often rapidly followed by vanishing layers of management and divestment galore.

The way in which Nestlé has dealt with Rowntree, the York-based chocolate company which lost a ferocious £2.55bn battle with the Swiss multinational last summer, could not be more different. It is almost six months to the day since Nestlé took control – but there has been very little in the way of corporate upheaval. Beneath the placid surface, however, there are currents of potentially major importance for Nestlé and Rowntree.

About 40 administrative staff at corporate headquarters in York have lost their jobs. And few members of the board can count themselves as survivors: by August, when Mr Ken Dixon, the former chairman, retires, only two out of the original nine executive directors will still be with Rowntree.

But there has been no Armageddon, as many of Rowntree's 11,000 UK workers feared last summer. Not a single process worker has been dismissed as a result of the takeover, although a productivity drive brought in by Rowntree several years ago meant that the UK workforce fell by 800 to 900 in 1988, mainly through natural wastage.

Job losses at this sort of level are set to continue. However, worries about draconian rationalisation at the hands of impersonal Swiss bureaucrats have proved entirely groundless.

Some analysts put this down to Nestlé's inherent conservatism, a natural consequence of the group's size. "The company ignores short-term profit opportunities if that is likely to breed disharmony in the ranks," says John Wakely of Paine Webber.

"It is difficult to manage a company with global sales of $25bn-$30bn (£14.2bn-£17bn) without giving a great deal of leeway to the local workforce. There is no reason for Carnation (the US foods group bought in 1985) and Nestlé in the US being run as separate organisations, except that the locals like it that way."

Mme Joelle Ben Hamida, of Geneva private bankers Pictet & Cie, agrees with Nestlé's contention, forcefully advanced during the course of the bid, that there is really no need for rationalisation. "There is very little overlap between the two companies' chocolate businesses," she says. "Rowntree is very big in the UK, where Nestlé is relatively small. And in continental Europe, Nestlé has concentrated its resources on block chocolate, while Rowntree's £300m of turnover comes from products like Kit-Kat, and Yorkie bars."

All that is left of last summer's defensive campaign – during which Rowntree management issued daily news broadcasts to the shop-floor and organised a mass rally to Westminster – is a residue of suspicion.

According to Mr Peter Blackburn, heir apparent to Mr Dixon as head of Rowntree confectionery, this is dwindling fast. Confidence has been bolstered by a strong trading performance last year: 1988 was a record year for Rowntree in the UK in spite of the takeover upheaval.

Chocolate production last year was up by "nearly 10 per cent" to approximately 200,000 tons. What despondency there is, he says, is caused by the transformation from being one of the UK's top 200 independent companies to being a unit of Nestlé, accounting for just 3 to 4 per cent of the Swiss group's turnover.

What real rationalisation there has been has been limited to the periphery of the Rowntree businesses. The Original Cooky operations in the US and the UK – representing a brief flirtation with retailing started in 1985 – has been sold. Sunpat, Rowntree's UK grocery business, is now part of Nestlé UK, while Nestlé's UK chocolate operations have come under the wing of Rowntree in York.

Rowntree took its formal place within Nestlé's organisational structure on January 1. The Swiss company's subsidiaries are normally organised by geography rather than product: thus pet-food, milk and chocolate companies in each country would normally report via a "country-head" to the general manager of one of Nestlé's five global zones.

These general managers sit on the company's 10-man executive board. But in a significant departure from this, Rowntree UK will report directly to Mr Ramon Masip – "Mr Europe" under the Nestlé scheme of things. This appears to be a concession wrung from Nestlé last summer as the price of agreeing to the bid. Meanwhile, Rowntree's businesses outside the UK have been absorbed into Nestlé's geographical structure.

In another innovation, Nestlé is in the process of establishing a "chocolate strategy" unit to be located in York. This will be responsible for developing the Swiss group's confectionery business worldwide, with particular responsibility for marketing, research and development and engineering.

At the head of this will be Mr Dixon until his retirement. He will be followed by Mr Blackburn who in this capacity will sit on Nestlé's executive board.

All this is pretty radical for the Vevey-based giant – as it would be for any large company. It is hard to imagine Grand Metropolitan, for example, flush with victory over the Pillsbury Burger King group after its $5.7bn bid battle, giving its Minneapolis-based victim control over world strategy for foods.

But what remains in question is how this will work: will York have any say over the reorganisation of Rowntree's four factories in continental Europe, for example, or will that be in the hands of "Mr Europe"? Mr Masip refuses to be drawn, saying only that "the basic process treatment of raw materials (such as sugar, milk, cocoa) will have to be re-examined". Otherwise, he and Mr Blackburn – the two men responsible more than anyone else for Rowntree's future – are only prepared to talk in general terms about their plans.

One such subject is Rowntree's legacy of paternalism. For Mr Masip, the very word is anathema. But, he says, "It is a just a question of semantics": it is not as though the great Rowntree tradition of employee's holiday's, pensioners' outings and social clubs is about to come to an end.

"We do these sort of things already but we don't believe we should give people such benefits in a paternalistic sort of way," he says. "People are entitled to them so long as they organise them themselves, with our financial backing. We're not paternalistic, because we are professional."

Meanwhile, there is sadness on the streets of York. "Rowntree was York," said one Rowntree pensioner last week, not far from Walmgate, where the chocolate company was founded in 1725. "It's now just a little part of a giant Swiss multinational."

Alan Harper

Bitter-sweet protest against last summer's bid but now Rowntree's York home will be the base for Nestlé's worldwide push to increase sales

Second-quarter decline for Wang Laboratories

By Louise Kehoe in San Francisco

WANG LABORATORIES, the US manufacturer of office computer equipment, reports a sharp decline in second-quarter earnings. Sales also showed a fall which the company attributed to sluggish demand in the US, production delays associated with new products, particularly in Europe, and lower than expected sales of older products.

Net income in the quarter fell to $1m or 1 cent a share from $31.1m or 21 cents, on revenues of $760.7m against $784.7m.

First-half earnings were $14.1m or 9 cents share, sharply down on the previous year's $56.6m or 34 cents. Revenues were flat at $1.48bn.

Lack of revenue growth resulted in reduced profit margins that were not sufficient to offset increased development, marketing and training costs associated with new products, the company said.

"While the results for the first half are disappointing, I am optimistic for the second half," said Mr Frederick A. Wang, president and chief operating officer. "I expect to finish this year with higher revenues and earnings than last year," he added.

Tandy Corporation, the US electronics retailer and personal computer manufacturer, reported a 3 per cent increase in second-quarter income to $135m or $1.50 a share, from $130.8m or $1. Revenues rose to $1.4bn from $1.3bn. The 1987 figures were restated to consolidate earnings from credit and insurance subsidiaries.

For the six months, net income was $200m or $2.23 a share, against $195m or $2.17 in the first half of 1987. Revenues rose to $2.4bn from $2.1bn.

Record trading at Tandem

By Louise Kehoe

TANDEM COMPUTERS, the US manufacturer of transaction processor systems, reported record first-quarter earnings and sales, boosted by strong exports.

Net income grew by 32 per cent to $31.3m or 32 cents a share from $23.7m or 24 cents. Sales at $392.3m were up 39 per cent from $282.3m.

"International business was stronger than expected, contributing a record 54 per cent of the quarter's business," said Mr James Treybig, Tandem's president and chief executive.

"Both international shipments and new account growth were strong, and revenue was buoyed by the weak dollar. Japan, in particular, showed exceptional growth, and added six new customers during the quarter."

In the US, business followed a typical seasonal pattern of softness in the first half of the year, Mr Treybig added.

Sales of Ungermann-Bass, a computer networking company aquired by Tandem last year, exceeded expectations, achieving a record quarter, the company said.

Tandem's transaction processor systems are typically used by banks, airlines, mail-order companies and other businesses that handle very large numbers of customer transactions. They are designed to be "fail safe" with extensive safeguards to prevent a computer breakdown.

Transamerica keen on UK tie

By Haig Simonian in Frankfurt

TRANSAMERICA Corporation, the large US insurance and financial services group, remains keen to cement its relations with Sedgwick, the UK insurance broker, in which its owns a 39 per cent stake, according to Mr James Harvey, its chairman and chief executive officer.

Mr Harvey, in Frankfurt yesterday for the listing of Transamerica's shares on the city's stock exchange, said the company had "still not made up its mind" on how it might alter its relationship with Sedgwick once the "standstill" agreement between the two runs out in March next year.

He strongly implied that Transamerica would welcome a closer Sedgwick link. "It's a very attractive company, we like the company and we'd like to maximise the growth of that company." According to the agreement between the two, Transamerica has to make its intentions clear at least six months before the March 1990 deadline.

Mr Harvey emphasised that Transamerica had no interest to enter the European insurance market other than through its association with Sedgwick at present. "That's the sort of company to benefit from 1992."

Instead, it planned to concentrate on the US market, where it has undergone a substantial restructuring in the past three years. As a result, consolidated net earnings last year are set to top the record $427m made in 1987 by a "small amount," according to Mr Harvey.

Transamerica is focusing on internal growth for the future. Activities like mutual funds, consumer and commercial finance and leasing are all areas of expansion likely to benefit from cost savings and marketing advantages under the Transamerica umbrella, he said.

In insurance, Transamerica would continue its strategy of de-emphasising less profitable personal lines and concentrating on speciality insurance products, which now account for 60 per cent of its premium income. Transamerica is now the US market leader in insurance for financial institutions as well as in covering major sporting events.

Two quit Kidder for buy-out specialist

By Janet Bush in New York

THE TWO managing directors in charge of merchant banking at Kidder, Peabody, the Wall Street brokerage, yesterday resigned to join the New York buy-out specialist Clayton & Dubilier as partners.

Mr Peter Goodson and Mr Donald Gogel were both members of Kidder, Peabody's management committee and Mr Goodson was on the board of directors.

The two men join a long line of mergers and acquisitions experts who have chosen to leave well-established merchant banking teams within large Wall Street securities houses in favour of joining a company specialising exclusively in investment banking.

Mr Martin Dubilier, chairman of Clayton & Dubilier, said: "Peter Goodson and Don Gogel are two of Wall Street's most respected investment bankers and will be right at home among our unique group of professionals . . . Most importantly, these two men share the firm's basic philosophy that management buy-outs are much more than a balance sheet event - they are a constructive approach to addressing issues of business performance and productivity."

Mr Goodson founded Kidder, Peabody's Mergers and Acquisitions Group in 1973 and, under his direction until 1986, the group completed transactions worth more than $150bn.

Mr Gogel initiated the first management buy-out in which Kidder, Peabody took a principal position in 1986. Since that first deal the company has taken positions in 16 management buy-outs with an aggregate value of more than $5bn.

In 1988, Kidder, Peabody's mergers and acquisitions business is believed to have been the chief source of profits for the company which suffered losses in other parts of its business.

Clayton & Dubilier has acquired 15 businesses since it was set up in 1978 with combined sales of more than $7bn. In the last two years, its acquisitions have included The Uniroyal Goodrich Tyre Company and Borg Warner Industrial

Mexican oil group may link with private sector

By Richard Johns in Mexico City

THE PRIVATE sector is discussing the possibilities of joint ventures in the field of basic petrochemicals with Petroleos Mexicanos (Pemex), the Mexican state oil corporation, according to Mr Jorge Kahwagi Gastine, president of the National Chamber of Manufacturing Industry.

No immediate confirmation of his statement was available from Pemex. But it coincided with another by Mr Fernando Gutierrez Barrios, the minister of the interior, saying that the Government had no intention of privatising any part of Pemex. And the corporation's senior officials say there is no prospect of any of its operations being sold off.

However, Mr Gutierrez did not rule out collaboration with the private sector in new projects and Pemex is known to be desperate for capital for investment because of the Treasury's increasing demand on the corporation's income for revenue purposes – which has led to a serious decline in exploration expenditure.

Apart from its contribution to the state's coffers, Pemex is encumbered with a debt of $15.8bn incurred in the 1977-82 period when the Government used Pemex's creditworthiness to borrow funds for other purposes.

Under existing regulations, production of 36 "basic" petrochemicals derived from oil and gas are reserved for Pemex. But output of "secondary" petrochemicals is open to, and dominated by, the private sector.

This week Mr Alberto Escofer Artigas, an under-secretary at the Ministry of Energy, was quoted as saying that Mexico needed investment of $5.5bn (over an unspecified time period) to establish petrochemical capacity required to satisfy domestic and export markets.

Mr Gutierrez' statement was evidently aimed at allaying fears of members of the union of oil workers of the Mexican Republic (STPRM) that the Government was planning to sell off petrochemical industries.

These fears have contributed to the growing strain between President Carlos Salinas de Gortari and Mr Joaquin Hernandez Galicia, the petroleum workers' leader known as La Quina, which led to the latter's arrest last week.

● The Mexican Government has created a new deputy ministry for international financial affairs and named experienced debt negotiator Mr Jose Angel Gurria to head the post. He held the post of director general of public credit during the past administration of President Miguel de la Madrid and was the Government's chief debt negotiator.

Brazil will not help markets

By John Barham in Sao Paolo

THE BRAZILIAN Government has stressed that it will not bail out the financial system following its summer economic plan, announced at the weekend, and the abrupt end to indexation.

The Finance Ministry said: "We will not help out anybody. The plan is not meant to help speculators."

Nonetheless, Mr Mailson da Nobrega, the Finance Minister, is said to have promised angry bankers during a late night meeting that the central bank will make sure that banks and dealers are provided with adequate liquidity.

The country's normally boisterous financial markets reopened yesterday morning amid anxious silence after a two day bank holiday decreed by Sunday's anti-inflation Summer Plan.

The end of the indexation system means that assets held by financial institutions have lost value, while very high interest rates have pushed up their cost of funds. Bankers described dramatic midnight meetings with Mr da Nobrega to demand changes in the Summer Plan, designed to halt inflation, running close to 30 per cent a month.

The central bank set its benchmark interest rate at 25 per cent a month, to stifle consumer panic buying and sustain the plan's credibility.

Investors holding about $30bn of government paper, which dominates the local bond market, are also set to lose heavily. Brokers complain that the abolition of indexation has imposed a net loss of 4 per cent on the government's domestic creditors.

Mr Paulo Possas, an investment consultant, said: "Losses on the private money market could be very heavy indeed. We were carrying certificates of deposit that were yielding 25 per cent a month, but now they're not yielding anything."

Banks have some $24bn in CDs outstanding. Brokers financing their positions on the money market are paying interest over 10 percentage points above their assets. Dealers stayed away from the money market, possibly in the hope of forcing rates down.

Share prices slid sharply, only to make a spirited recovery. In Sao Paulo, the Ibovespa composite share index closed 4.3 per cent lower.

Gold and black market dollars, traditional bolt holes in times of trouble, also slipped in value. The premium of the dollar over the official exchange rate dropped to 35 per cent, half the premium on Friday.

Hudson's Bay unit pulls out of Quebec

SIMPSON'S, the mid-market department store chain acquired by Hudson's Bay Company a decade ago, is pulling out of Quebec because of continuing losses, writes Robert Gibbens.

The big Simpson's store in central Montreal shuts down on January 28 and 900 full-time and part-time employees will lose their jobs.

Three Simpson's suburban Montreal department stores, in the best-performing areas, will become Bay stores. Another Simpson's unit will be put on the block as a going concern.

Simpson's Quebec stores have run up losses of nearly C$25m (US$20.9m) over the past few years.

The central Montreal Simpson's store will be developed by the Bay's real estate development subsidiary or the building could be sold to a developer. It is worth around C$50m.

The Bay will take a special charge of up to C$20m to cover shut-down costs in the year ending January 21, 1989.

Simpson's, formerly owned by the Burton family of Toronto, originally operated a national network from Nova Scotia to Saskatchewan. After January, it will have 10 stores in the Toronto area only.

Imasco to take C$110m charge

By Robert Gibbens in Montreal

IMASCO, the Canadian financial services, fast-food, tobacco products and retailing group in which BAT Industries of the UK has a big minority stake, is taking drastic steps to turn round its US drugstore business.

The Canadian group will take a C$110m (US$93m) special charge against 1988 fourth-quarter earnings to cover the costs of sizing down the US chain.

Imasco, which operates a highly-successful drugstore chain in Canada, acquired Peoples Drugstores of the US earlier in the decade. Management stayed on and turned Peoples into an expensive computerised wharehouse investment.

But it has taken two years to get this operating efficiently, mainly because of software problems. Imasco's Canadian drugstore group's management took over direction of Peoples a year ago.

As a first step, Peoples is selling its 85-unit Reed drugstore chain in the Atlanta area to Big B, of Birmingham, Alabama, for C$60m. Next, Imasco has hired Morgan Stanley, the US banking group, to find a buyer for 240 Peoples units in Indiana and Ohio.

If this strategy succeeds, the Peoples chain would be reduced to 505 units in Washington DC, the mid-Atlantic states and Pennsylvania, its most profitable areas.

Proceeds of all disposals will be applied to reduce Imasco's debts.

Rockwell opens year on a weak note

By Our Financial Staff

ROCKWELL International, the leading US electronics and aerospace group, reported a decline in net income for the first quarter.

Net income fell to 160m or 62 cents a share from $192.9m or 71 cents last time on revenues ahead at $2.9bn, against $2.7bn.

The figures for 1988, however, include a non-recurring favourable tax adjustment of $50.2m or 18 cents a share.

Analysts had predicted a decline in current year earnings because the group will be paying a higher tax rate. They also point out that Rockwell's revenue from the B-1B bomber programme is declining.

GENCOR GOLD QUARTERLIES

	Gold produced (kg) Dec 88	Gold produced (kg) Sep 88	After-tax profit (Rm) Dec 88	After-tax profit (Rm) Sep 88	Earnings per share (cents) Dec 88	Earnings per share (cents) Sep 88
Beatrix	3,240	3,180	18.40	19.61	22.2	28.1
Bracken	587	585	1.42	1.57	8.7	8.4
Buffelsfontein	3,957	3,916	22.05	21.87	148.6	127.5
Grootvlei	975	1,087	3.33	3.44	21.7	29.8
Kinross	2,950	2,954	18.61	21.48	75.7	89.1
Leslie	823	809	2.46	3.47	12.7	14.4
Marievale	191	208	0.62	0.72	n/a	n/a
St. Helena	2,625	2,600	16.14	12.09	81.3	82.4
Stilfontein	1,217	1,169	5.04	4.95	41.3	39.5
Unisel	1,603	1,440	11.41	10.21	29.1	27.9
W Rand Cons	894	960	(2.45)	1.09	(35.8)	16.9
Winkelhaak	2,840	3,022	24.40	33.47	79.5	96.6

Earnings per share calculated after tax and capital expenditure. Parentheses – negative

Gencor reappraises mining operations

By Jim Jones in Johannesburg

THE DECLINE in the rand-denominated price of gold has led to a reappraisal of operations at the 13 operating gold mines managed by South Africa's Gencor mining house.

Production and staffing levels are being reduced at three of the poorer mines and, throughout the group, emphasis is being placed on reducing or limiting the rate of increase in the cost of producing each ounce of gold.

This involves increasing gold recovery grades by shifting towards richer ore zones, advancing the date on which these can be exploited, and reducing widths in order to cut the amount of waste rock processed with gold-bearing ore.

Most mining companies have acted to increase production levels in an attempt to prevent the gap between costs and revenue narrowing. Gencor's strategy represents a move away from this approach.

Leslie, Bracken and West Rand Consolidated are reducing their labour forces. Mr Johann van Rensburg, the mines' managing director, says the retrenchments follow four months of talks with the unions, and that retrenchment payments will affect the mines' profits in the present quarter.

West Rand Consolidated generated a loss in the last quarter and is considering plans to curtail its underground operations.

The directors forecast grade increases at several of the group's other mines.

In the Orange Free State Unisel's strategy is to increase the proportion of higher-grade Basal reef extracted rather than the poorer Leader reef. Additional Basal reef reserves have been located and the mining plan envisages the exploitation of newly available resources within the next few months.

St. Helena, which borders on Unisel, has recovered from the accident which halted production at the mine's No. 10 shaft and expects at least to maintain the december quarter's 5 grams per tonne (g/t) gold recovery grade.

In the Transvaal, Stilfontein's Margaret shaft, which was put out of action by ground movements last year, will be back in production by midyear. The mine has also agreed with Eskom, the state-owned electricity utility, on compensation for last year's abrupt termination of a uranium supply contract. Stilfontein's Chemwes uranium subsidiary is to receive a cash settlement of R36.1m ($15.1m).

Buffelsfontein, the largest of the group's mines, lifted gold production as higher gold recovery grades accompanied a reduction in the ore milling rate. The mine is considering sinking a new tertiary shaft to exploit ore lying 4km below the eastern part of the mine property.

The new No. 6 shaft being sunk at the Winkelhaak mine is to be made shallower than previously planned to allow comparatively rich ore to be exploited by mid-1990, some 18 months ahead of the original schedule.

Gencor Group

- Costs per kilogram reduced by 1%
- Average rand gold price 4% lower
- West Rand Cons experiences serious difficulties
- Improved production from OFS mines
- New dividend declaration dates will result in payment being made approximately six weeks later than at present

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1988

All companies mentioned are incorporated in the Republic of South Africa

WESTERN TRANSVAAL & EAST RAND

BUFFELSFONTEIN Gold Mining Company Limited

Company Registration No. 05/33830/06

Higher recovery grade offsets lower tonnage milled

Issued capital – 11 000 000 ordinary shares of R1 each. – 12 400 [illegible] cumulative preference shares of R1 each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	6 months ended 31.12.1988
Gold			
Mined (m²)	137 674	141 149	279 023
Ore milled (t)	584 000	638 000	1 222 000
Gold produced (kg)	3 867	3 816	7 673
Yield (g/t)	6,6	6,1	6,3
Working revenue (R/t milled)	217,39	206,12	211,50
Working costs (R/t milled)	173,20	162,18	167,45
(R/m² mined)	733,07	720,07	723,24
(R/kg produced)	25 991	26 423	25 990
Working income (R/t milled)	44,19	43,94	44,05
Gold price received (R/kg)	32 078	33 580	32 815
($/oz)	417	431	424
Uranium			
Pulp treated (t)	590 000	630 000	1 222 000
Oxide produced (t)	[illegible]	112	220
Yield (kg/t)	0,18	0,18	0,18

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988	6 months ended 31.12.1988
Gold – Working revenue	126 947	131 507	258 454
– Working costs	101 146	103 472	204 618
– Working income	25 801	28 035	53 836
Uranium – Working income	7 073	3 904	10 977
Sundry income – net	3 068	1 987	5 055
Tributes and royalties – net	(4 769)	(4 111)	(8 880)
Income before taxation and State's share of income	31 173	29 815	60 988
Taxation and State's share of income	11 931	9 616	21 547
Dividend received – Chemwes	390	–	390
Share of income of [illegible]	1 841	1 595	3 436
Income after taxation and State's share of income	22 083	21 874	43 957
Capital expenditure	6 772	7 163	13 935
Dividend declared – ordinary shares	18 700	–	18 700
– preference shares	8 613	10 475	19 088

DEVELOPMENT – Vaal Reef and Ventersdorp Contact Reef	Quarter ended 31.12.1988	Quarter ended 30.9.1988	6 months ended 31.12.1988
Advanced (m)	6 025	6 746	12 771
Advanced on reef (m)	614	708	1 322
Sampled (m)	586	668	1 254
Channel width (cm)	85	64	74
Average value – gold (g/t)	15,5	14,0	14,8
(cm.g/t)	1 347	880	1 084
– uranium (kg/t)	0,368	0,440	0,408
(cm.kg/t)	29,98	28,44	29,41

REMARKS
- A tertiary shaft to access the deeper reserves of the mine is being evaluated.
- Estimated capital expenditure for the next six months – R30 million.

Beatrix mine

(A division of Buffelsfontein Gold Mining Company Limited)

Further improvement in gold production

In terms of an agreement, 16 percent of the distributable income from the Beatrix mine is attributable to [illegible] and 84 percent to [illegible].

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	6 months ended 31.12.1988
Mined (m²)	[illegible]	[illegible]	[illegible]
Ore milled (t)	520 000	500 000	1 020 000
Gold produced (kg)	3 240	3 180	6 420
Yield (g/t)	6,2	6,4	6,3
Working revenue (R/t milled)	[illegible]	[illegible]	197,77
Working costs (R/t milled)	[illegible]	[illegible]	110,29
(R/m² mined)	[illegible]	[illegible]	473,16
(R/kg produced)	[illegible]	[illegible]	18 382
Working income (R/t milled)	[illegible]	[illegible]	87,48
Gold price received (R/kg)	[illegible]	[illegible]	32 852
($/oz)	414	432	423

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988	6 months ended 31.12.1988
Working revenue	104 418	107 200	211 618
Working costs	58 443	55 569	116 012
Working income	44 975	48 831	93 606
Sundry income	915	2 006	2 921
Royalty payments	15 663	16 080	31 743
Income before taxation	30 226	34 558	64 784
Taxation	11 826	14 943	26 768
Income after taxation	18 400	19 615	38 016
Capital expenditure	5 863	5 427	11 290

DEVELOPMENT – Beatrix Reef	Quarter ended 31.12.1988	Quarter ended 30.9.1988	6 months ended 31.12.1988
Advanced (m)	8 320	8 335	16 655
Advanced on reef (m)	1 703	1 885	3 588
Sampled (m)	1 592	1 684	3 276
Channel width (cm)	64	43	53
Average value – gold (g/t)	10,8	15,0	12,7
(cm.g/t)	690	720	672

REMARKS
- Payments to Beatrix Mines Limited:

	Quarter ended 31.12.1988	Quarter ended 30.9.1988	6 months ended 31.12.1988
Royalties	15 663	16 080	31 743
Dividends on cumulative preference shares (The dividends are now being paid quarterly)	8 613	10 475	19 088

- Estimated capital expenditure for the next six months – R12 million.
- The attention of shareholders is also drawn to the quarterly report of Beatrix Mines Limited, which appears elsewhere in this edition.

STILFONTEIN Gold Mining Company Limited

Company Registration No. 05/33412/06

Steady performance maintained after last quarters' recovery

Issued capital – 13 082 920 shares of 50 cents each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Mined (m²)	[illegible]	[illegible]	[illegible]
Ore milled (t)	335 000	330 000	1 183 000
Gold produced (kg)	1 160	1 100	4 300
Yield (g/t)	3,5	3,3	3,6
Working revenue (R/t milled)	[illegible]	[illegible]	[illegible]
Working costs (R/t milled)	[illegible]	[illegible]	117,50
(R/m² mined)	[illegible]	[illegible]	[illegible]
(R/kg produced)	[illegible]	[illegible]	[illegible]
Working income (R/t milled)	[illegible]	[illegible]	2,81
Gold price received (R/kg)	32 025	33 376	31 709
($/oz)	416	432	436

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Working revenue	[illegible]	[illegible]	[illegible]
Working costs	[illegible]	[illegible]	[illegible]
Working income	[illegible]	[illegible]	[illegible]
Sundry income – net	[illegible]	[illegible]	[illegible]
Tributes and royalties – net	[illegible]	[illegible]	[illegible]
Income before taxation and State's share of income	[illegible]	[illegible]	(3 826)
Dividend received – Chemwes	[illegible]	[illegible]	[illegible]
Income after taxation and State's share of income	[illegible]	[illegible]	[illegible]
Capital expenditure/(recoupment)	[illegible]	(210)	(20)
Dividend declared	[illegible]	–	[illegible]

DEVELOPMENT	Quarter ended 31.12.1988 Vaal Reef	V.C.R.	Quarter ended 30.9.1988 Vaal Reef	V.C.R.	Year ended 31.12.1988 Vaal Reef	V.C.R.
Advanced (m)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	101
Advanced on reef (m)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	52
Sampled (m)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45
Channel width (cm)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	38,9
Average value – gold (g/t)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5,7
(cm.g/t)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	223
– uranium (kg/t)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0,063
(cm.kg/t)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,46

REMARKS
- A total of 162 000 tons (September quarter 132 000 tons) was milled from surface dumps during the quarter.
- Full rehabilitation of the Margaret Shaft is scheduled for mid-1989.
- Estimated capital expenditure for the next six months – R4,5 million.
- The insurance claim previously accrued has been reduced by R2,8 million due to the better than expected results achieved, and the adjustment is reflected in this quarter's results.

Chemwes Limited

Company Registration No. 64/02279/06
(A subsidiary of Stilfontein Gold Mining Company Limited)

- *Settlement has been reached with the major customer*
- *Operations ceased in December 1988*

Issued capital – 1 000 shares of R1 each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Uranium			
Pulp treated (t)	584 000	661 000	3 225 000
Oxide produced (t)	79,8	112,8	431,2
Yield (kg/t)	0,136	0,128	0,134
FINANCIAL RESULTS (R'000)			
Net income after taxation	46 231	827	53 944
Capital expenditure	211	124	372
Dividend declared	1 600	–	6 200

REMARKS
- Uranium production was curtailed at the plant and all operations ceased in December 1988. A claim for compensation amounting to R38,1 million, and the cancellation of a loan of R8,4 million, has been agreed to in principle by the major customer. Formal resolutive approval by its board will be sought in February.

WEST RAND Consolidated Mines Limited

Company Registration No. 01/01978/06

Continued operation threatened by low grade reserves

Issued capital – 4 250 000 ordinary shares of R1 each. 25 000 deferred shares of R2 each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Mined (m²)	81 422	65 620	313 014
Ore milled (t)	458 000	447 000	1 816 000
Gold produced (kg)	884	960	3 662
Yield (g/t)	2,0	2,1	2,0
Working revenue (R/t milled)	63,89	72,04	64,74
Working costs (R/t milled)	72,72	69,71	67,41
(R/m² mined)	407,29	363,11	391,07
(R/kg produced)	37 694	32 460	33 437
Working income/(loss) (R/t milled)	(9,03)	2,33	(2,67)
Gold price received (R/kg)	32 433	33 489	32 045
($/oz)	414	435	437

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Working revenue	29 044	32 201	117 566
Working costs	33 162	31 162	122 414
Working income/(loss)	(4 118)	1 039	(4 848)
Sundry income – net	1 770	985	3 857
Tributes and royalties – net	(92)	(583)	(1 059)
Income before taxation/(loss)	(2 440)	1 441	(2 050)
Taxation	–	351	494
Income after taxation/(loss)	(2 440)	1 090	(2 544)
Capital expenditure/(recoupment)	(416)	136	61

DEVELOPMENT	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Advanced (m)	2 657	2 086	12 283
Advanced on reef (m)	1 117	544	4 497
Sampled (m)	960	489	4 284
Channel width (cm)	112	82	83
Average value – gold (g/t)	5,8	10,7	10,2
(cm.g/t)	654	877	843

REMARKS
- A total of 173 000 tons (September quarter 143 000 tons) of sand from the North Sand Dump was treated.
- On 3 January shareholders were informed that it had become necessary to reduce staff and cut back on operations. A feasibility study to determine whether underground operations can be sustained at a lower level at the present gold price, is nearing completion.
- Estimated capital expenditure for the next six months – NIL.

The GROOTVLEI Proprietary Mines Limited

Company Registration No. 01/02088/06

Decline in grade likely to affect production levels

Issued capital – 11 438 816 stock units of 25 cents each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Mined (m²)	70 174	74 348	301 473
Ore milled (t)	309 000	318 000	1 288 000
Gold produced (kg)	975	1 087	4 266
Yield (g/t)	3,2	3,4	3,3
Working revenue (R/t milled)	103,23	115,31	105,16
Working costs (R/t milled)	90,99	97,58	93,67
(R/m² mined)	400,69	417,37	403,32
(R/kg produced)	28 839	28 546	28 502
Working income (R/t milled)	12,24	17,73	11,49
Gold price received (R/kg)	32 463	33 524	31 809
($/oz)	412	432	443

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Working revenue	31 899	36 668	136 492
Working costs	28 118	31 030	121 589
Working income	3 781	5 638	14 903
Sundry income – net	595	673	1 650
Tributes and royalties – net	(309)	(54)	(341)
Income before taxation	4 067	6 257	16 212
Taxation	736	2 813	4 457
Income after taxation	3 331	3 444	11 755
Capital expenditure	847	39	1 078
Dividend declared	4 575	–	8 007

DEVELOPMENT	Q 31.12.1988 Black Reef	Kimberley Reef	Main Reef	UK3 Reef	Q 30.9.1988 Black Reef	Kimberley Reef	Main Reef	UK3 Reef	Year 31.12.1988 Black Reef	Kimberley Reef	Main Reef	UK3 Reef
Advanced (m)	120	2 036	229	175	128	1 900	142	238	383	7 596	575	589
Advanced on reef (m)	47	860	180	48	62	859	139	88	125	2 751	398	275
Sampled (m)	51	834	182	63	60	647	137	87	126	2 687	405	240
Channel width (cm)	54	21	24	257	113	24	31	226	89	22	24	215
Average value – gold (g/t)	5,5	20,4	13,3	0,8	2,3	20,3	23,4	0,8	3,2	19,5	19,2	0,8
(cm.g/t)	298	428	319	209	263	487	727	188	281	429	461	172

REMARKS
- A total of 22 000 tons (September quarter 24 000 tons) was milled from surface dumps.
- It is expected that the downward trend in recovery grades will continue, and it is unlikely that the present level of operations can be maintained at the current gold price.
- Estimated capital expenditure for the next six months – R1,1 million.

Marievale mine

(A division of Marievale Limited)

Lower grade and gold price affects income

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	12 months ended 31.12.1988
Mined (m²)	11 969	14 355	52 017
Ore milled (t)	88 000	78 000	335 000
Gold produced (kg)	191	208	798
Yield (g/t)	2,2	2,7	2,4
Working revenue (R/t milled)	71,65	89,62	76,12
Working costs (R/t milled)	67,20	82,23	70,21
(R/m² mined)	482,03	446,81	452,18
(R/kg produced)	30 257	30 837	29 475
Working income (R/t milled)	4,45	7,39	5,90
Gold price received (R/kg)	31 963	33 557	31 828
($/oz)	412	437	442

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988	12 months ended 31.12.1988
Working revenue	6 162	6 990	25 499
Working costs	5 779	6 414	23 521
Working income	383	576	1 978
Sundry income – net	232	201	636
Income before taxation	615	777	2 614
Capital expenditure	Nil	89	435

DEVELOPMENT	Quarter ended 31.12.1988	Quarter ended 30.9.1988	12 months ended 31.12.1988
Advanced (m)	263	211	939
Advanced on reef (m)	136	130	569
Sampled (m)	134	131	580
Channel width (cm)	95	83	77
Average value – gold (g/t)	5,6	5,8	6,1
(cm.g/t)	530	479	470

REMARKS
- The provision for taxation is reflected in Marievale Limited's interim report for the 6 months ended 31 December 1988, which will be posted to shareholders in due course.
- The tonnage treated increased due to the inclusion of 15 000 tons of dump material from clean up operations.

ORANGE FREE STATE & EVANDER

ST. HELENA Gold Mines Limited

Company Registration No. 05/20743/06

Continued increase in gold production

Issued capital – 9 625 000 ordinary shares of R1 each. – 3 825 035 'A' cumulative preference shares of R1 each. – 3 825 035 'B' cumulative preference shares of R1 each. – 2 455 000 'C' cumulative preference shares of R1 each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Mined (m²)	113 346	116 268	456 737
Ore milled (t)	525 000	520 000	2 095 000
Gold produced (kg)	2 626	2 600	10 057
Yield (g/t)	5,0	5,0	4,8
Working revenue (R/t milled)	160,97	168,01	154,23
Working costs (R/t milled)	135,64	132,78	126,34
(R/m² mined)	628,52	593,82	587,10
(R/kg produced)	27 128	26 557	26 214
Working income (R/t milled)	25,33	35,23	27,89
Gold price received (R/kg)	32 123	33 613	31 951
($/oz)	415	429	437

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988	Year ended 31.12.1988
Working revenue	84 508	87 367	323 119
Working costs	71 211	69 047	264 687
Working income	13 297	18 320	58 432
Sundry income – net	6 682	2 449	14 406
Income before taxation and State's share of income	19 979	20 769	72 838
Taxation and State's share of income	3 081	1 120	5 825
Income	16 898	19 649	67 013
Taxation offset on Oryx capital applied to repay loans	758	7 566	17 912
Attributable to ordinary shareholders	16 140	12 083	49 101
Capital expenditure	8 315	4 162	19 398
Dividend declared	18 362	–	29 356

DEVELOPMENT	Q 31.12.1988 Basal Reef	Leader Reef	Q 30.9.1988 Basal Reef	Leader Reef	Year 31.12.1988 Basal Reef	Leader Reef
Advanced (m)	3 052	197	2 743	247	10 310	1 067
Advanced on reef (m)	257	123	370	138	1 275	740
Sampled (m)	258	120	447	216	1 489	868
Channel width (cm)	122	220	130	185	123	192
Average value – gold (g/t)	6,6	6,2	5,5	4,5	8,1	3,5
(cm.g/t)	805	1 353	716	824	1 002	674

REMARKS
- Sundry income includes an insurance payment of R7,2 million received in respect of a fire at No. 2 Shaft on 6 October 1986.
- Estimated capital expenditure for the next six months – R12 million.

Oryx mine

(A division of St. Helena Gold Mines Limited)

Good progress maintained and within budget

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.09.1988	Year ended 31.12.1988
Beisa Reef			
Ore milled (t)	22 300	–	22 300
Gold produced (kg)	48,7	–	48,7
FINANCIAL RESULTS (R'000)			
Net income after taxation	866	–	866
Capital expenditure	45 100	48 800	148 000

As gold is being produced on a continuous basis from the Beisa Reef since the beginning of October 1988, the revenue derived therefrom is reflected as income and will not be credited against capital expenditure.

To date capital expenditure of R235,1 million has been committed, of which R157,6 million has been spent. The programme continues on budget.

SHAFT SINKING
Underground development continued on 4 and 5 levels towards the sub-vertical shaft positions as well as the cutting of the hoist chambers and bank excavations. A total of 1 492 metres (previous quarter 803 metres) of underground development and 19 781 cubic metres (previous quarter 4 608 cubic metres) of excavations were completed during the quarter.

Pre-cementation of both No. 1 and No. 2 Shaft Systems is progressing satisfactorily.

UNISEL Gold Mines Limited

Company Registration No. 72/10604/06

Gold production up by 11%

Issued capital – 28 000 000 shares of no-par value.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Mined (m²)	46 992	46 105
Ore milled (t)	275 000	275 000
Gold produced (kg)	1 603	1 440
Yield (g/t)	5,8	5,2
Working revenue (R/t milled)	189,31	178,04
Working costs (R/t milled)	102,31	100,37
(R/m² mined)	598,72	598,27
(R/kg produced)	17 551	19 167
Working income (R/t milled)	87,00	77,67
Gold price received (R/kg)	32 278	33 539
($/oz)	418	431

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Working revenue	52 060	48 960
Working costs	28 135	27 601
Working income	23 925	21 359
Sundry income – net	848	1 885
Milling fee	(1 841)	(1 912)
Income before taxation and State's share of income	22 932	21 332
Taxation and State's share of income	11 527	11 123
Income after taxation and State's share of income	11 405	10 209
Capital expenditure	3 264	2 399
Dividend declared	–	14 000

DEVELOPMENT	Q 31.12.1988 Basal Reef	Leader Reef	Middle Reef	Q 30.9.1988 Basal Reef	Leader Reef	Middle Reef
Advanced (m)	1 397	552	188	1 552	826	211
Advanced on reef (m)	84	288	118	316	330	164
Sampled (m)	33	197	87	303	279	135
Channel width (cm)	146	228	102	104	208	115
Average value – gold (g/t)	15,9	2,3	8,7	28,5	2,2	7,4
(cm.g/t)	2 322	524	882	3 010	464	847

REMARKS
- Good progress has been made with the initial excavations for the sub-inclined shaft, which will exploit the lower levels in the eastern area of the mine.
- Estimated capital expenditure for the next six months – R8,9 million.

WINKELHAAK Mines Limited

Company Registration No. 55/03605/06

No. 6 Shaft build-up slowed by faulting

Issued capital – 12 180 000 shares of R1 each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Mined (m²)	138 514	138 594
Ore milled (t)	505 000	529 000
Gold produced (kg)	2 849	3 022
Yield (g/t)	5,6	5,7
Working revenue (R/t milled)	183,67	196,40
Working costs (R/t milled)	112,66	112,06
(R/m² mined)	410,73	427,74
(R/kg produced)	20 022	19 615
Working income (R/t milled)	71,01	84,34
Gold price received (R/kg)	32 246	33 341
($/oz)	415	436

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Working revenue	92 753	103 897
Working costs	56 892	59 278
Working income	35 861	44 619
Sundry income – net	2 069	1 757
Tributes and royalties – net	(193)	(161)
Income before taxation and State's share of income	37 737	46 215
Taxation and State's share of income	13 339	12 747
Income after taxation and State's share of income	24 398	33 468
Capital expenditure	14 714	21 700
Dividend declared	–	17 661

DEVELOPMENT – Kimberley Reef	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Advanced (m)	3 180	2 614
Advanced on reef (m)	509	508
Sampled (m)	418	527
Channel width (cm)	79	55
Average value – gold (g/t)	20,0	13,9
(cm.g/t)	1 587	769

REMARKS
- At No. 6 Ventilation Shaft the first stopes are being established on 4, 5 and 6 levels. Severe faulting is causing progress with stope establishment to be slower than originally planned. The No. 6 Main Shaft is now at 14 level station elevation and the project is within budget and on schedule.
- Estimated capital expenditure for the next six months – R43 million.

KINROSS Mines Limited

Company Registration No. 63/06226/06

Costs reduced

Issued capital – 18 000 000 stock units of R1 each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Mined (m²)	126 838	118 678
Ore milled (t)	518 000	515 000
Gold produced (kg)	2 960	2 934
Yield (g/t)	5,7	5,7
Working revenue (R/t milled)	186,15	193,08
Working costs (R/t milled)	105,98	107,89
(R/m² mined)	432,82	468,18
(R/kg produced)	18 609	18 938
Working income (R/t milled)	80,17	85,19
Gold price received (R/kg)	32 371	33 702
($/oz)	413	442

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Working revenue	96 427	99 435
Working costs	54 898	55 558
Working income	41 529	43 877
Sundry income – net	2 682	2 268
Income before taxation and State's share of income	44 211	46 145
Taxation and State's share of income	25 603	24 663
Income after taxation and State's share of income	18 608	21 482
Capital expenditure	4 990	5 436
Dividend declared	–	25 200

DEVELOPMENT – Kimberley Reef	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Advanced (m)	3 752	3 638
Advanced on reef (m)	1 295	1 148
Sampled (m)	1 275	1 121
Channel width (cm)	33	32
Average value – gold (g/t)	23,9	25,0
(cm.g/t)	789	799

REMARKS
- The preparation work for the two declines to exploit the northern and eastern areas of the mine has progressed well and sinking of both declines will start in the current quarter.
- Estimated capital expenditure for the next six months – R14 million.

LESLIE Gold Mines Limited

Company Registration No. 59/01124/06

Gold production costs contained

Issued capital – 16 000 000 shares of 65 cents each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Mined (m²)	75 382	76 943
Ore milled (t)	341 000	340 000
Gold produced (kg)	823	809
Yield (g/t)	2,4	2,4
Working revenue (R/t milled)	79,07	82,08
Working costs (R/t milled)	70,48	69,75
(R/m² mined)	318,82	308,20
(R/kg produced)	29 202	29 313
Working income (R/t milled)	8,59	12,33
Gold price received (R/kg)	31 963	33 684
($/oz)	417	443

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Working revenue	26 963	27 907
Working costs	24 033	23 714
Working income	2 930	4 193
Sundry income – net	294	387
Tributes and royalties – net	(3)	(3)
Income before taxation and State's share of income	3 221	4 577
Taxation and State's share of income	764	1 111
Income after taxation and State's share of income	2 457	3 466
Capital expenditure	430	1 166
Dividend declared	–	4 000

DEVELOPMENT – Kimberley Reef	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Advanced (m)	2 039	2 019
Advanced on reef (m)	329	408
Sampled (m)	375	357
Channel width (cm)	35	21
Average value – gold (g/t)	13,6	21,3
(cm.g/t)	476	448

REMARKS
- Development northwards on 14 and 15 levels towards borehole No. 1508 is progressing well and has now passed the lease boundary.
- To maintain profitability at lower production levels, a retrenchment programme to reduce the labour force by 1 600 to 3 100 employees has been started. Payment of the associated retrenchment benefits will impact adversely on profits during the next quarter.
- Estimated capital expenditure for the next six months – R1,6 million.

BRACKEN Mines Limited

Company Registration No. 59/01126/06

Profits squeezed by gold price

Issued capital – 14 000 000 shares of 90 cents each.

OPERATING RESULTS	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Mined (m²)	62 074	54 873
Ore milled (t)	199 000	187 000
Gold produced (kg)	597	595
Yield (g/t)	3,0	3,0
Working revenue (R/t milled)	99,25	103,57
Working costs (R/t milled)	93,04	92,51
(R/m² mined)	355,53	332,13
(R/kg produced)	31 540	31 154
Working income (R/t milled)	6,21	11,06
Gold price received (R/kg)	32 229	33 853
($/oz)	416	444

FINANCIAL RESULTS (R'000)	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Working revenue	19 750	20 403
Working costs	18 514	18 225
Working income	1 236	2 178
Sundry income – net	331	646
Tributes and royalties – net	–	7
Income before taxation and State's share of income	1 567	2 831
Taxation and State's share of income	143	1 259
Income after taxation and State's share of income	1 424	1 572
Capital expenditure	200	398
Dividend declared	–	2 100

DEVELOPMENT – Kimberley Reef	Quarter ended 31.12.1988	Quarter ended 30.9.1988
Advanced (m)	761	625
Advanced on reef (m)	75	96
Sampled (m)	74	108
Channel width (cm)	24	46
Average value – gold (g/t)	14,8	8,1
(cm.g/t)	355	374

REMARKS
- To maintain profitability at lower production levels, a retrenchment programme to reduce the labour force by 700 to 2 800 employees has been started. Payment of the associated retrenchment benefits will impact adversely on profits during the next quarter.
- Estimated capital expenditure for the next six months – R1,1 million.

NOTES
1. Twice-yearly dividends of the above companies will in future be declared at the appropriate quarterly board meetings which take place in mid-January, April, July and October of each year and payment will be affected approximately six weeks later than previously. Details of dividends declared will be published in the quarterly reports.
2. Development values quoted above represent actual results of sampling. No allowance has been made for any adjustments which may be necessary when estimating ore reserves.
3. All financial figures are unaudited.
4. The quarterly reports have been approved and signed on behalf of the respective companies by two directors.

Johannesburg, 18 January 1989

Copies are available from the London office

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Nokia in cellular deal with AT&T

By Olli Virtanen in Helsinki

NOKIA-MOBIRA, the mobile telephone manufacturer owned by Nokia, the Finnish electronics group, has signed an agreement with AT&T Microelectronics of the US for the proprietary development of digital signal processing (DSP) components.

The agreement between the companies, which are the world leaders respectively in cellular mobile telephones and DSP technology, is aimed at providing Nokia-Mobira cellular telephones with a new generation of digital technology for the Pan-European cellular system (GSM) scheduled to start in 1991.

The jointly developed chips will be based on the advanced submicron CMOS technology from AT&T. Furthermore the venture will tap into AT&T's design expertise and experience in DSP devices at the group's Bell Laboratories.

Nokia-Mobira has been involved in creation of the new GSM system, which already covers 16 countries in Europe.

The agreement with AT&T, says Mr Timo Louhenkilpi, president of Nokia-Mobira, "further strengthens our position on future cellular phone markets and guarantees that we will have a state-of-the-art product when the Pan-European GSM system commences in 1991."

Nadir extends Turkey interests

By Jim Bodgener in Ankara

MR ASIL NADIR, the Turkish-Cypriot entrepreneur, has taken another step towards becoming the largest and most influential publishing magnate in Turkey by purchasing Gellsim Publications, whose flagship is the weekly Nokta.

Last year, Mr Nadir, president of the UK's Polly Peck International, bought the Veb Ofset chain which includes the mass circulation Gunaydin newspaper. Nokta has a 50,000 circulation.

Top changes at Daimler

By Andrew Fisher in Frankfurt

MR WERNER NIEFER, deputy chairman of Daimler-Benz, has been appointed head of the group's cars and trucks division, recently formed as part of its revised structure which takes account of its rapid expansion beyond the vehicle market.

The deputy chairman of Daimler's Mercedes-Benz vehicle division will be Mr Helmut Werner, who was previously chairman of the Continental tyre company.

Sanofi net profit up 24%

SANOFI, the pharmaceutical unit of Elf Aquitaine, France's state-controlled energy group, announced provisional consolidated net profit, excluding non-recurring gains, of about FFr750m ($118m) for 1988, up 24 per cent from FFr607m in 1987, writes Our Financial Staff.

The advance is based on a 15 per cent gain in consolidated revenue to FFr14.531bn from FFr12.635bn in 1987.

Sanofi did not disclose its estimates for consolidated net profit after extraordinary items. In 1987 this was FFr1.471bn, but more than half of this reflected a one-time gain of FFr864m.

● Club Med Inc, US subsidiary of the French tourism group, suffered a 49 per cent fall in net profits in the year ended October 31. Earnings were $8.77m against $17.4m in 1987, despite a rise in turnover from $370.4m to $412.4m.

In Paris, Club Med said the subsidiary's setback was due to several exceptional factors – including the continued closure of its village in Haiti and the delay in opening its Huatulco and Playa Blanca villages in Mexico.

An injection of co-operative spirit

Hilary Barnes on a planned merger in the Danish drugs industry

There is a self-evident industrial logic in the planned merger of Novo Industri with Nordisk Gentofte, Denmark's two largest pharmaceuticals companies and the West's second and third largest insulin producers respectively.

The plan, announced last week, was warmly received by the equity markets. It was also greeted enthusiastically by the employees of the two companies, especially the research workers, which may be even more important.

The inspiration for the merger came from the two chief executives, Mr Mads Ovlisen of Novo and Mr Henry Brennum of Nordisk, who made the arrangement during a month's discussion in December. They will run the company as joint chief executives.

This, however, only left them time to draw up the broad lines for the get-together. "We have not made detailed plans," said Mr Ovlisen. "We agreed on the type of firm we wanted to be, a strong Danish biotechnical company."

Joint task forces from the two companies are now working on how to implement the merger in practical terms. It will be their job to propose a new corporate structure, on which the board of directors will have the final say.

The benefits of becoming a bigger company, with turnover in excess of DKr6bn ($835m), equity capital of DKr6.5bn and 7,350 employees, are especially apparent in relation to the insulin operations and the research and development activities of the two groups.

Novo-Nordisk, as the new company is called, claims a share of the free world's insulin market of 45 to 50 per cent, probably just ahead of Eli Lilly, its American rival (but there is a big element of guesswork in the market share estimates).

Lilly has 80 per cent of the huge US market, a formidable domestic base which Novo has invaded over the past decade with considerable success, but remains very much the minority supplier. Novo-Nordisk claims about 65 per cent of the European market, where Lilly is its major rival.

In production, R&D, marketing and sales of insulin the merger will bring benefits, say Mr Brennum and Mr Ovlisen.

Mads Ovlisen: attention to the needs of patients

One of the first decisions facing the new company is whether to proceed with the construction of a plant in Ireland, planned by Nordisk, for production of insulin by genetic technology. Regard for the attitudes of diabetic patients makes meshing the insulin production and sales operations a delicate matter, which cannot be rushed.

"Marketing of pharmaceutical products will continue through the existing sales organisations and under the present brand and product names," the official merger announcement stated. And as the two men explained in an interview, the utmost attention is being paid to the needs of the patients.

"The well-being of diabetic patients is closely associated with the patient being at peace with himself," said Mr Ovlisen. "We do not want to cause the patients uncertainty as to where their insulin is coming from."

There is a commercial reason for this, as well. "If we created uncertainty in the patients, our position in the market would be unpleasantly exposed."

Novo, whose turnover of DKr4.9bn in 1987 was almost five times Nordisk's, has two major business areas, of which one is pharmaceuticals and the other is the bioindustrial group, which is the world leader in production of industrial enzymes for starch-splitting and detergents. The merger will have no immediate effect on the group.

"It is extremely encouraging that our research workers think, as we do, that the merger is a good idea," said Mr Ovlisen. "They think this because they can now compare notes with the best. Before, when they had a problem, the people they most wanted to talk to were their colleagues at Nordisk, but they couldn't talk with them."

The total R&D staff at Novo-Nordisk will be about 950 people, and size is important. "We have had many ideas which we couldn't realise because we lacked resources. Now we shall be able to start up some new projects," said Mr Brennum.

This is partly a matter of the increased financial strength created by merging the two companies. But manpower for research will also be released because a lot of the routine work which goes with research will not have to be done twice. Ideas generated by research workers will also spread throughout the larger group and set more brains working on them.

Novo and Nordisk have competed vigorously with each other for 60 years, but this factor does not cause Mr Ovlisen and Mr Brennum any concern. There is sufficient similarity in the basic approach to management – by co-operation and delegation rather than command from the top – to convince the chief executives that the success of the merger will not be prevented by a clash of corporate cultures.

So far, only overwhelming enthusiasm for getting on with the merger has been in evidence. The task forces were showing such enthusiasm for the job this week that they were spawning sub-committees by the dozen. "It was getting to be too much. We had to put a stop to it," said Mr Brennum.

The merger has not yet been approved by the two foundations which have controlling shareholdings in the companies, and even though this is in reality only a formality, it places a limit on how quickly the group can be reorganised.

Novo is widely regarded as the best-managed company in Denmark, but Mr Brennum in his tenure at Nordisk has transformed a sleepy organisation into a fast-expanding group with a strong research base and an excellent earnings record. "Henry has done a fantastically good job, and we can learn from it," said Mr Ovlisen.

As the merger was their own idea and they were not pushed into it from above, the two joint chief executives foresee no problem in working together. By reputation Mr Brennum is the tough guy. His staff know when he has decided to kill off a research project because he turns up at the crucial meeting wearing a funeral-black tie.

Mr Ovlisen has shown at Novo that tough decisions are not avoided, but his special talent as a manager is said to be getting people to work well together. Just the man for a merger, in fact.

Three Danish farm equipment makers to merge

THREE Danish farm equipment makers said yesterday they will merge in mid-February under a new holding company that will be the largest in its sector in Scandinavia, writes Our Financial Staff.

This is the fourth major merger to be announced in Denmark this month. The others involved pharmaceutical makers (see above), tour operators and food/drink groups.

The new farm equipment company, Dania Holding, will have a turnover of about DKr2bn ($278m), of which 70 per cent would be exported, equity capital of DKr500m and 2,200 employees, a joint statement said. It will have eight manufacturing plants.

The three companies are Dronningborg Maskinfabrik, Denmark's biggest farm equipment maker, Kongskilde Maskinfabrik, the second biggest, and Andelsmaskiner.

INTERNATIONAL COMPANIES AND FINANCE

Coca-Cola forms joint venture with HK group

By John Elliott in Hong Kong

COCA-COLA is linking up with Swire Pacific, the Hong Kong trading group whose interests include Cathay Pacific Airways, to form a soft drink bottling joint venture called Coca-Cola Swire Beverages with plants in Hong Kong, Taiwan and China.

The company has a paid-up capital of HK$57m (US$7.3m) and is owned on a 50-50 basis by the two partners. Swire, which has been trading in the China region for more than a century, already bottles Coca-Cola in Hong Kong and in the US, with operations based in Salt Lake City.

The new company owns 29 per cent of Swire Bottlers, which supplies two-thirds of Hong Kong's bottled soft drinks and has a new plant opening later this year.

The company also has 29 per cent of Taiwan Coca-Cola Bottling Company. This is a joint venture between Coca-Cola and local Taiwan interests, which is considering a new soft drink-based venture on the island.

In China the company has a majority interest in BC Development Company, a Coca-Cola joint venture with Peking-based China International Trust and Investment Corporation (Citic), which has two bottling operations opening in Hangzhou and Nanjing later this year.

No ducking the Bombay bull

R.C. Murthy reports on the reform of India's largest stock market

Most companies seeking a listing on the Bombay Stock Exchange (BSE), India's largest, will from now on have to appoint market makers who will offer two-way quotations for their shares.

The measure is one of a package of reforms hustled through last week to improve liquidity in the current bullish market. Volume of business on the BSE, which accounts for nearly two thirds of the country's stock trading, was at a record Rs144bn ($9.4bn) last year, surpassing the previous best, Rs129.9bn, in 1986.

The new issues market also turned buoyant, and the corporate sector is expected to have raised some Rs30bn in the year to March, up by a fifth from Rs25bn in 1986-87.

As investors return to the market, the authorities have been acting to limit the scope for malpractice. Insider trading, short selling and the issue of misleading prospectuses by fly-by-night companies thrived three years ago at the height of the last bull phase.

The regulation of the new issues market has been relatively easy to effect but the authorities have been forced to proceed more slowly on reforms in the secondary market because of broker resistance.

The BSE has unveiled plans for a Rs50m automation programme and the introduction of a national 100-share index, which has become possible through a computer link-up with stockmarkets in Calcutta, Delhi, Madras and Ahmedabad.

The number of transactions on the BSE has more than trebled to an average 1.2m per day late last year from less than 40,000 a day in the bear phase of 1987-88. This wide fluctuation is posing problems, as the success of the exchange's plans depends on co-operation from stockbrokers, many of whom are reluctant to commit funds of their own.

Brokers are unable to cope with the current rush of business but remain unwilling to hire additional staff as they

Ashley Ashwood

Trading has trebled on the Bombay Stock Exchange since 1987-88

cannot later shed excess labour. Instead, brokers are limiting trading to alternate days, an option which is found acceptable neither by investors nor by BSE officials. The disagreement underlines weaknesses in the country's stock markets, which have yet to develop sufficient financial and organisational depth and methods of regulation. Earlier attempts in 1985-86 to address these issues brought ideas for reforms which either were put on the back burner or had their implementation slowed as business dwindled in 1987.

The first main step towards reform was establishing the Securities and Exchange Board of India (Sebi) last April to oversee and regulate the markets. A credit rating corporation was also set up in August to grade capital issues on the basis of the track records of companies and the use to which the money is to be put.

Arthur Andersen, the international consulting firm that was commissioned to study Indian stock markets, says that of the large number of securities issues made in recent years, many of which were for relatively young companies, only a small number of companies are actively traded.

Andersen, whose recommendations on the appointment of market makers have now been implemented, has proposed a two-tier trading system. Companies seeking a listing on the main market should have a paid-up capital of at least Rs50m and a track record of three years of which the last year should have been profitable. For entry to the second tier, the company should merely have commenced commercial production.

Stockbrokers would be responsible to the stock exchanges for thorough vetting of a company prior to a public issue, and for on going liaison with company management to ensure that stock exchange rules are adhered to and that company information is properly disseminated.

The reforms are aimed at enabling the corporate sector to raise resources for its growth, improving market liquidity, and providing adequate protection for investors.

As part of the efforts to broaden the secondary market, stockbroking is to be opened to banks and other financial institutions while individual brokers and partnerships are being steered towards incorporation as joint stock companies.

To that end the government has approved the creation of a merchant bank, to be formed as a joint venture between JM Financial and Investment Consultancy Services and the International Finance Corporation, a World Bank affiliate. This entity will also undertake share broking.

The moves together amount to a carrot-and-stick policy to modernise broking so that operators will have enough financial muscle to withstand the vicissitudes of business cycles.

Soaring metal prices hoist MIM profit

By Bruce Jacques in Sydney

MIM HOLDINGS, the leading Australian mining group, overcame a continuing heavy deficit in its coal operations to record a strong boost in profit and dividend for the half-year to December and a welcome reduction in its debt burden.

Surging prices for copper, lead and zinc helped the company lift net trading profit to A$89.2m (US$59.3) in the period from the previous A$40.1m.

The bulk of the improvement came in the second quarter, with earnings for the first three months stated at a meagre A$8.5m. The effect of increased metal prices was also evident on half-year sales, which jumped to A$847.5m from A$704.6m.

Directors have raised the interim dividend from two cents to three cents a share on capital increased by a recent equity issue. The payout, costing A$37.6m against A$19.6m, will be unfranked for Australian dividend imputation purposes.

Pre-tax, the company lifted earnings from A$85.6m to A$129.2m. The net result excluded a A$25.2m exchange gain compared with a A$70.3m loss previously.

The directors made it clear that metals operations had carried the group, disclosing that the pre-tax loss on its three-mine northern Queensland coal operation had ballooned from A$16.5m to A$28.2m in the half. They said coal revenues had been affected by the rising value of the Australian currency as well as by industrial disruption.

Directors pointed to a substantial, but undisclosed reduction in interest expense following a cut in group debt to A$1.07bn from A$1.55bn. "This should be further improved in the third quarter with the receipt of A$120m from the sale of MIM's 40 per cent interest in the Agnew mine," they said.

On metal prices, the directors noted that copper prices increased from 80 US cents to US$1.50 a pound over the past year. "Supply and demand fundamentals indicate a continuation of strong prices into 1989," they said. "Zinc prices continued their strong gains of the last 12 months, ending the second quarter 85 per cent higher than the corresponding quarter last year."

INTERNATIONAL APPOINTMENTS

Future chief for BNP's investment banking unit

By George Graham in Paris

BANQUE Nationale de Paris, largest French state sector bank, has named Mr Georges Chodron de Courcel to take over in March as head of Banexi, its investment banking subsidiary, replacing Mr Gerard Nouis.

Mr Chodron de Courcel will also assume responsibility for financial affairs and industrial investments at the parent bank, besides remaining chairman of Compagnie d'Investissements de Paris, BNP's portfolio investment subsidiary.

He will be succeeded as chief of BNP's fund management and client advisory services by Mr Olivier Lecoin.

★★★

A JUDGE at the centre of last year's takeover battle for Société Générale de Belgique, the biggest holding company in Belgium in which the French Financière de Suez now has a controlling interest, has been named the next head of Belgium's Banking Commission, the country's financial watchdog body.

Mr Jean-Louis Duplat, 51, currently president of the Brussels Commercial Court, ruled that La Générale's decision to issue 12m new shares to weaken a bid by Mr Carlo De Benedetti, the Italian entrepreneur, represented an irregular use of authorised capital.

Appointed for a six-year term, Mr Duplat will steer the Banking Commission into a reinforced supervisory role.

Three senior Nesbitt Thomson staff form energy consultancy

By Robert Gibbens in Montreal

THREE SENIOR people from the Calgary office of Nesbitt Thomson Deacon, a major national investment dealer owned by the Bank of Montreal, have left to form a new energy consulting business.

The new firm will probably be financed by Power Corporation of Canada, holding company of Mr Paul Desmarais, the Montreal financier.

The group leaving Nesbitt is headed by Mr Marc van Wielingen, a well-known figure in the oil and gas industry. The new company will handle corporate finance, private placements, mergers and acquisitions, and restructurings.

Power Corp last year set up an international merchant banking operation.

★★★

HONEYWELL, the US electronics and defence group, declared that Mr Louis Navin, vice president and chief financial and administrative officer, has resigned to pursue other interests.

A replacement has yet to be named. Mr Navin, 50, will continue to be associated with Honeywell as a consultant.

The company warned last month that it will report a net loss for 1988 possibly exceeding $400m, following substantial write-offs on military contracts, restructuring charges and additional tax payments.

Bankers Trust vice chairman to retire

BANKERS TRUST New York stated that Mr Philip M. Hampton, vice chairman of the company and of Bankers Trust, its subsidiary, will retire at the end of January.

Mr Hampton's responsibilities will be spread among three other members of the bank's management committee: Ralph MacDonald Jr, managing director of corporate finance; Eugene B. Shanks Jr, managing director of global markets; and George J. Vojta, executive vice president of strategic planning and administration.

★★★

GENERAL Instrument, the US cable television and electronic systems group, has promoted Mr Lawrence Dunham to a newly created post of president at its VideoCipher division, where his previous role was executive vice president and general manager.

The division, whose secure transmission and reception technology is widely used in the US, provides in the UK under the name Eurocypher vital scrambling systems for British Satellite Broadcasting.

★★★

LOCKHEED, a leading US aerospace contractor, has appointed Mr Donald Neese a staff vice president of the corporation and acting president of Lockheed International.

Mr Robert Conley, 65, former Lockheed International president, retired at the end of 1988 after 20 years with the group.

Mr Neese, 48, joined Lockheed 10 years ago after a 20-year career with the US Air Force. He was named vice president, Asia-Pacific region in 1985, and played a key role in developing new business opportunities for Lockheed in that area of the world. He is also president of Lockheed Aircraft (Asia) and Lockheed China.

★★★

MOTOROLA, a leading US semiconductor maker, has promoted Mr Barry Waite, already a corporate vice president, to general manager of its Geneva-based European Semiconductor Group. He was formerly assistant general manager.

Mr Waite, 40 and of British birth, has been in the semiconductor industry since 1970, both in Europe and the US. He joined Motorola in Scotland in 1982, and in 1987 was awarded the OBE for services to export.

★★★

Kansallis-Osake-Pankki, a leading Finnish bank, has appointed at its New York branch Mr John Hickey as first vice president and treasurer.

INTERNATIONAL CAPITAL MARKETS

Treasuries climb despite unfavourable trade data

By Janet Bush in New York and Norma Cohen in London

US TREASURY bonds had scored substantial gains by yesterday's midsession in spite of worse-than-expected US trade figures.

At midsession, long-dated bonds stood as much as ½ point higher, taking the yield on the Treasury's benchmark long bond to 8.84 per cent.

Immediately after news that the US trade deficit had widened to $12.51bn in November, from a revised $10.26bn shortfall in October – representing a deterioration in the trade account of about $1bn more than expected – bonds fell along with the dollar.

However, the US currency then rebounded, partly because of comments by Mr Beryl Sprinkel, outgoing chief economic adviser at the White House, that central bank intervention was ineffective unless accompanied by policy changes.

Although Mr Sprinkel will not be a voice in the new Administration and is known to be consistently against intervention, the foreign exchange market displayed its generally positive sentiment by using his remarks to encourage dollar buying.

Despite at least two rounds of concerted intervention by several central banks, including the Bundesbank and the Federal Reserve, the dollar jumped to session highs in New York of Y128.5 and DM1.87.

Bond prices moved up in tandem with the dollar, which also encouraged a rise in stock prices.

The dollar's strength appears to be based on a number of factors. Firstly, currency dealers argue that evidence of strong domestic demand in November's trade figures will force the Fed to move short-term US interest rates even higher.

There is now a widespread belief that further progress in cutting the trade deficit will come not from another devaluation of the dollar, but from a squeeze on domestic demand to discourage imports.

Secondly, there appears to be a vague sense of optimism about the chances of a credible budget deficit-cutting package some time this year. Although the chances for any swift action on the deficit still seem remote, this optimism appears to have become a discernible positive for the dollar in the foreign exchange market.

UK government bonds ended mixed, with trading patterns following closely the behaviour of the US Treasuries market, virtually ignoring a raft of UK economic data.

GOVERNMENT BONDS

The domestic UK figures did little to excite the markets, even though releases included news of a much larger than expected PSBR surplus of £2.1bn.

Most market expectations had been for a surplus of about £1bn. However, dealers have become inured to repeated announcements of surplus government funds, and private economists now estimate that the actual surplus at fiscal year-end will be as much as £15bn.

A surplus of that size is too big to be eradicated by purchases of gilts in the open market before year-end, so dealers do not expect the markets to be much more short of stock than they already are.

WEST GERMAN government bond prices closed weaker, ending the day about 25 basis points lower than the previous close.

Dealers noted that trading had been extremely nervous, with attention focused squarely on the Bundesbank's money market operations.

Yesterday, the Bundesbank said it allocated DM14.9bn in a 28-day variable-rate repurchase agreement, replacing a maturing DM15.1bn variable-rate repo.

However, the choice of a variable-rate repo, unlike the most recent fixed-rate repos, has heightened speculation about an impending rise in either the discount or Lombard rates. In the latest repo, the Bundesbank said it would accept rates ranging from 5.20 to 5.50 per cent, effectively raising the minimum rate it would accept on funds lent to the money markets.

The expiring repo had an accepted range of rates from 5 to 5.5 per cent. Some dealers interpret this as a sign that higher rates are desired.

The Bundesbank's council meets today and has already announced it has no plans to hold a press conference. But dealers speculate that if the dollar's strength persists, the council could still vote an increase in interest rates today.

NORWAY'S central bank said credit and financing companies would be able to issue loans in foreign currencies from February, in a further step to boost investment levels and relax limits on borrowing abroad by Norwegian companies.

The bank said the same conditions would apply as those ushered in by regulation changes made last month.

Banks can now make foreign loans to any registered Norwegian company with a share capital exceeding NKr500,000 ($74,500).

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 18

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†93½	94	0	+0¼	9.94
A/S Eksportfinans 7⅛ 92	150	93¼	93¾	0	+0⅝	9.84
B.F.C.E. 7 92	150	92⅛	92⅞	0	+0⅞	9.77
Brit. Tel. Fin. 9⅜ 98	250	98⅜	98⅞	+0⅛	+1	9.59
Canada 9 96	1000	98⅛	98⅝	+0⅛	+1	9.31
Canadian Pac 10¼ 93	100	†101¼	102¼	0	+0½	10.13
C.C.C.E 9¼ 95	300	98	98½	0	+0⅝	9.63
C.N.C.A 9⅜ 93	150	98¾	99⅛	-0⅛	+0¼	6.62
Credit Lyonnais 9 91	200	†98½	99	0	+0⅛	9.66
Credit National 8¼ 93	200	94⅞	95⅜	+0⅛	+0⅝	9.68
Credit National 7⅜ 92	100	93¼	93¾	-0⅛	+0¼	9.77
Credit National 7¼ 91	150	†93⅝	94⅛	+0⅛	+0½	9.76
Dai-Ichi Kan 9⅝ 92	150	99⅜	100	0	+0½	9.72
Denmark 7⅛ 92	500	92⅝	93⅛	0	+0⅜	9.87
E.E.C. 7 91	100	93⅜	93⅞	0	+0¼	9.63
E.E.C. 7¼ 93	250	92	92½	0	+0½	9.60
E.E.C. 8 90	350	†97¼	97¾	0	+0¼	9.78
E.I.B. 7⅝ 93	100	92¼	92¾	+0⅛	+0½	9.60
E.I.B. 9⅛ 97	150	98⅝	99⅛	0	+0⅝	9.55
Elec. De France 9 98	200	96⅜	96⅞	+0⅛	+1	9.56
Finland 7⅞ 97	200	90¼	90¾	+0⅛	+1⅛	9.62
Finland 7½ 93	200	91¾	92¼	0	+0⅜	9.70
Fin. Exp. Cd. 8½ 92	200	96⅜	96⅞	0	+0⅝	9.77
Ford Motor Credit 8 91	250	†96⅛	96⅝	0	+0⅛	9.90
Gen. Elec. Cap. Corp. 9 93	500	97	97½	+0⅛	+0½	9.72
Gen Elec Credit 10¼ 00	200	99⅞	100⅜	0	-0⅛	10.23
Gen. Mtrs. Corp. 9⅛ 92	200	97⅞	98⅜	0	-0⅛	9.79
Halifax BS 9½ 93	200	†98¼	98¾	0	+0⅛	9.90
IBM Credit Corp. 8⅞ 91	250	98⅛	98⅝	-0⅛	+0¼	9.48
Italy 9 90	1000	†99	99½	0	-0⅛	9.44
Italy 9½ 95	1000	99⅛	99⅝	0	+0⅞	9.62
L.T.C.B of Japan 8 91	100	95½	96	-0⅛	+0⅛	9.91
L.T.C.B. of Japan 8 97	200	90	90½	0	+0⅞	9.82
Metropolis Tokyo 9½ 93	200	99⅞	100⅜	0	+0¼	9.46
Morgan Guaranty Tst. 7 90	150	†96½	97	0	+0⅛	10.10
Nippon Tel.&Tel. 9⅝ 98	250	98⅜	98⅞	0	+0½	9.59
Norway 8¼ 93	500	96⅞	97⅜	-0⅛	+0⅝	9.61
Portugal 8¼ 91	300	†97	97½	-0¼	-0⅛	9.68
Prudential Crp. 8⅞ 94	125	†96¾	97⅛	-0⅛	+0⅛	9.45
Qantas Airways 10⅜ 95	140	102⅞	103¼	+0⅛	+0¾	9.70
Saskatchewan 10¼ 92	100	102⅛	102¾	0	+0½	9.76
State Bk S Aust 9¼ 93	100	97⅞	98⅜	0	+0½	9.82
Sumitomo Bank 9⅝ 92	150	99⅝	100⅛	0	+0⅝	9.64
Swed Exp Cred 7¼ 91	100	†93⅝	94⅛	0	+0⅛	9.76
Sweden 7 91	250	93½	94	0	+0¼	9.70
Sweden 7 92	250	†92¾	93¼	0	+0¼	9.74
Sweden 8¾ 96	200	95⅝	96⅛	+0⅛	+0⅞	9.56
Sweden 8½ 92	200	†96¾	97¼	0	+0½	9.49
Victorian Rep 11⅝ 92	150	104½	105	0	+0⅜	9.82
World Bank 7 92	300	†93	93½	0	+0¼	9.67
World Bank 9 97	300	96⅞	97⅜	-0⅛	+0⅝	9.49
World Bank 9¼ 98	300	98	98½	+0⅛	+1	9.52
Yasuda Trust Fin 8½ 93	100	†95½	96	0	+1	9.70
Average price change... On day +0 on week +0½						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	100⅛	100⅞	-1⅛	-1⅜	5.89
Avis Fin.SVS 5⅞ 92	100	100	100½	0	0	5.78
Bank of Tokyo 5¾ 93	100	101	101½	+0¼	+0¼	5.40
Central BK. Turkey 7 92	200	103	103⅜	-0⅜	0	5.98
Commerzbank o/s. 5⅜ 93	300	99½	100	0	0	5.45
Degussa Int. 6⅛ 97	200	99⅞	100⅝	-0¼	-0¼	6.08
E.I.B 5½ 98	150	94¾	95⅜	-0⅜	-0½	6.22
E.I.B 6 97	300	98⅜	99⅛	-0¼	-0⅜	6.20
E.I.B. 6⅛ 96	300	99½	100¼	-0⅛	0	6.16
E.I.B. 6⅛ 97	400	99⅝	100¼	-0¼	0	6.14
E.I.B. 6⅞ 95	300	103⅝	104⅜	-0⅜	+0¼	6.13
Euro. Coal& Steel 5⅞ 97	175	97⅞	98½	-0⅛	0	6.17
Eurofima 6⅛ 96	100	100¼	100⅞	-1⅛	-1½	6.16
Elec De France 5⅜ 97	300	97⅜	98⅜	0	0	6.05
Forsmark Krtg. 5⅛ 93	200	97¼	97¾	-0⅛	-0¼	5.86
I.A.D.B. 6 97	200	98⅛	98⅞	-0¼	-0⅛	6.23
Japan Dev. Bk. 5⅜ 95	300	98⅛	99	-0⅛	-0⅛	5.64
Japan Finance 5¾ 97	100	97¼	97¾	0	-0⅜	6.17
Ireland 6½ 97	300	100⅝	101⅛	-0⅛	-0⅛	6.35
Malaysia 6¼ 94	150	100	100⅞	-0¼	+0⅜	6.16
Nat. West. BK. PLC 6 98	300	97¼	98	+0¼	+0⅛	6.34
N.H.L. Finance 6¼ 95	200	†99¾	100¼	0	0	6.24
Nippon Telg.&Tel. 6 95	400	100¾	101	-0⅛	-1⅜	6.05
Oesters. Kontbk. 5 93	300	97⅜	98¼	-0¼	-0⅜	5.60
Portugal 5¾ 92	150	100⅝	101⅜	+0⅛	+0⅛	5.42
Portugal 6⅝ 95	150	101¼	101⅞	0	-0⅛	6.33
Privatbanken 5¼ 93	150	97¼	98	-0¼	-0½	5.91
Royal Insurance 5½ 92	300	100⅛	100⅝	0	-0¼	5.36
Soc Cent Nuclear 7¼ 95	150	104¼	105	0	+0⅛	6.34
Turkey 6½ 95	500	97¼	98	0	0	6.97
Westlb. Finance 5 93	200	†98¾	99¼	0	0	5.27
World BK. 6¼ 97	600	99⅞	100⅜	-0⅛	0	6.21
Average price change... On day -0⅛ on week -0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†98½	99½	-0¼	-1⅛	5.16
Asfinag 5 03	100	†96	97	0	-2	5.35
B.F.C.E. 4½ 98	200	†96	96½	0	-0¼	5.00
B.M.W. Fin. Neth. 5 13	150	†94½	94¾	-0½	-1	5.40
Britannia B/S. 4⅛ 94	100	†95½	96	-0¼	-0⅞	5.17
CIR. Int. W/W 3 93	125	†97	98	-1	+0⅜	3.61
Credit Lyonnais 4¾ 00	100	†95¼	95¾	-0⅜	-1¼	5.28
E.I.B 4⅜ 98	150	†96	97	+0⅛	-2⅛	5.10
Fletcher Chall. 4⅞ 98	150	†95¾	96¼	0	-0⅜	5.43
Kobe City 4⅝ 98	150	†96½	97	+0⅛	-0⅞	5.06
Leeds Perm. B/S. 4⅛ 93	200	†96	96½	0	+0½	5.13
Malaysia 5¼ 98	100	†94	95	-1	-3¼	6.02
Maxwell Comm.Crp. 5 95	150	†99½	100	0	-0¼	5.04
Nat.Bk. Hungary 5½ 94	75	†97½	97¾	-0⅛	-0⅜	5.99
Nationwide Ang.B/S. 4 93	200	†95¼	95¾	0	-0⅜	5.16
Nippon Telg.&Tel.4¼ 95	200	†96¼	97	0	-1¼	4.81
Oesters.Ktbk. 5 03	75	†98	99	+0⅜	-2⅛	5.15
Prov. New Foundland 5 03	150	†99½	100	0	-0⅜	5.02
Thailand 4⅞ 95	200	†94½	95½	0	-0⅜	5.56
World Bank 5 03	150	†98½	99	-0⅜	-0½	5.12
Average price change... On day -0⅛ on week -0⅞						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅞ 92	55	101⅞	102⅛	0	0	4.80
Belgium 4⅝ 94	45	98⅛	98⅝	0	-0⅛	5.00
Canada 4⅞ 92	80	98⅝	98⅞	0	0	4.77
Elec. De France 5⅛ 94	20	100½	101	-0⅛	-0¼	4.95
Ireland 5⅛ 93	30	100¼	100⅝	0	-0¼	5.02
Norway 5⅛ 95	50	100⅝	101	-0⅛	-0¼	4.95
Rep. of Italy 5¾ 92	150	102⅞	103⅛	0	0	4.68
Sweden 4⅝ 93	50	98⅞	99⅛	-0⅛	-0⅛	4.88
World Bank 5½ 92	50	102½	102¾	-0⅛	0	4.69
Average price change... On day 0 on week -0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS.10¼ 93 £	50	96⅞	97⅜	0	-1¼	11.16
Alg. Bk. Ned. 5½ 92 FL	150	98¾	99⅜	0	-0⅛	5.86
Alg. Bk. Ned. 5¾ 93 FL	200	97⅝	98⅛	-0⅛	-0⅜	6.34
Amro Bank 6¼ 92 FL	150	100½	101⅛	+0⅛	-0¼	6.00
Aust. Ind. Dev. 12⅞ 93AS	100	93½	93⅞	-0⅜	-1⅛	14.86
Austria 7½ 94 ECU	100	97⅜	97⅞	-0⅛	+0⅜	8.07
Barc. Bk. 10¼ 97 £	250	96	96½	0	+0⅝	10.92
Barclays Aus. 13½ 91 AS	100	96⅝	97⅛	-0¾	-2	14.89
BP Capital 9¾ 93 £	100	95½	96	0	+0⅛	11.03
British Airways 10 98 £	100	93	93½	0	+0⅞	11.21
Buhrmann-Tet. 6⅜ 93 FL	100	100¼	100¾	-0⅛	+0⅛	6.23
Comm. Bk. Aust. 12⅝ 93AS	100	94⅞	95⅜	-0⅜	-1⅛	13.71
Coop. Ctr. Rabo. 6¼ 93 FL	100	99	99½	-0¼	-0¼	6.47
Coop. Ctr. Rabo. 6 92 FL	200	99⅛	99⅝	-0⅜	-1	6.19
Denmark 7¾ 92 ECU	100	†99¾	100¼	0	0	7.75
Dixons 11 95 £	90	†96⅜	96⅞	0	+0¼	11.71
Deut. Bk. Aust. 12¾ 95 AS	70	97⅜	97¾	-0⅜	-0¾	13.34
Eastman Kodak 13 90 AS	100	95⅝	96⅛	+0⅛	-0½	15.95
E.I.B. 7 96 LFr	100	†98	99	0	0	7.28
Elec. France 10¼ 95 CS	125	†98½	99	+0⅛	-0⅛	10.50
Euratom 7⅞ 97 ECU	145	94⅛	94½	-0⅜	+0¼	8.35
Fed. Bus. Dv. Bk. 9¼ 92 CS	75	†97	97½	+0⅛	+0¼	10.72
Ford Cr. Can. 10¾ 93 CS	100	†99¾	100¼	+0⅛	+0⅜	10.74
Ford Mtr. Cred. 7½ 91ECU	100	99⅛	99½	-0¼	+0⅝	7.79
Gillette Can. 9⅝ 93 £	70	92	92½	-0⅛	-0½	11.86
G.M.A.C. 9¾ 93 CS	150	†96⅜	96⅞	+0⅛	+0⅜	10.74
G.M.A.C Aus. Fin. 14 90 AS	50	98¼	98¾	-0⅛	-1⅜	15.00
Halifax BS 10⅛ 97 £	100	95⅝	96⅛	0	+0¼	11.16
Imp Chem Inds 10 03 £	100	94	94½	0	+1	10.79
Inv. Industry Int. 10 93 £	60	95⅝	96⅛	0	+0⅜	11.25
Lloyds Bank 10¼ 98 £	150	93¾	94¼	0	+0⅜	11.32
Lloyds Bank 11⅜ 98 £	100	99⅜	99⅞	0	+0⅜	11.43
Montreal Tst. 10¼ 93 CS	100	†99⅛	99⅝	+0⅛	+0⅝	10.89
Nat. West. Bk. 13¼ 92 AS	50	96⅝	97⅛	—	—	—
Nationwide BS 10⅛ 93 £	75	95¾	96¼	+0½	+0¼	11.35
Ned. Midd. Bank 6 92 FL	150	99⅜	100	-0⅛	-0⅜	6.12
New Zealand 9½ 93 £	100	94⅜	94⅞	+0⅛	+0¼	11.11
New Zealand 7¾ 93 ECU	200	99⅝	99⅞	-0⅜	+0⅛	7.85
Oesters. Ktbk. 13⅝ 94 AS	75	†100⅜	100⅞	+0⅛	-0⅞	13.40
Philips Gloeil. 6 93 FL	300	98½	99	-0⅛	-0⅛	6.31
Prudential Fin. 9⅞ 07 £	150	88⅞	89⅜	-0⅛	+0⅞	10.74
Royal Bk. Scot. 10⅜ 98 £	125	96	96⅜	+0¼	+1	11.36
Saskatchewan 9⅞ 91 CS	150	†97⅝	98⅛	+0⅛	+0⅛	10.83
Saskatchewan 10¼ 93	200	98¼	98¾	+0⅜	+0⅞	10.64
S.D.R. 7¾ 95 ECU	90	97⅝	98⅛	-0⅜	-0¼	8.20
Union Bk. Switz. 7½ 93	150	†99½	100	-0⅛	0	7.56
World Bank 5¾ 92 FL	100	98¾	99¼	0	0	6.09
World Bank 13⅛ 92 AS	100	†98⅛	98⅝	-0⅜	-1⅛	13.91
Zentrspk. 13¼ 93 AS	75	98	98½	-0⅛	-0¼	13.73

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.83	99.88	21/01	10.99
Belgium 91 US	0	100.30	100.40	21/02	9
Britannia 5 93 £	0⅛	100.00	100.05	10/04	13
Chase Manhattan Crp. 91 US	†0⅛	99.50	99.75	22/02	8.94
Citicorp 98 US	†0¼	98.20	98.45	28/02	9.62
Credit Foncier 98 US	.063	99.71	99.81	20/04	8.44
EEC 3 92 DM	†0	100.85	100.95	22/02	5.63
Halifax BS 94 £	.1	99.99	100.04	8/02	12.29
Invt. In Industry 94 £	0	100.01	100.11	24/02	11.87
Leeds Perm. B/S. 94 £	0⅛	100.08	100.13	13/04	13.37
Midland Bank 01 £	.1	97.12	97.75	11/02	11.41
Milk Mkt. Brd. 5 93 £	0¼	100.03	100.08	30/12	12.06
New Zealand 5 97 £	.07	100.18	100.28	20/02	12.16
State Bk. New. 98 US	.188	100.44	100.54	13/02	8.87
Woolwich Equit. BS. 93 £	0⅛	100.01	100.06	13/04	13.37
Woolwich 5 95 £	0⅛	99.85	99.90	21/02	12.37
Average price change... On day +0.01 on week +0.06					

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	109⅞	110⅞	0	14.02
Amer. Brands 7¾ 02 US	9/87	56.7	115	116	-0½	2.92
Ashikaga Bank 2¼ 02 US	4/87	967.	160	161	+0⅛	9.04
Asics 5 92 DM	12/83	472.7	229½	230⅞	+8	5.12
CBS. Inc. 5 02 US	4/87	200.	94¼	95¼	+0¼	8.67
Comm. Credit 5½ 02 US	4/87	66.75	64⅝	65⅝	0	54.66
Eng. China Clay 6½ 03 £	9/88	4.8	99⅞	100⅞	0	5.20
Fujitsu 3 99 US	5/84	1106.	249	250	-2	-0.49
Land Secs. 6¾ 02 £	6/87	6.72	92½	93½	+0⅜	10.42
MCA Inc 5½ 02 US	9/87	69.62	84⅛	85¼	-0¼	24.04
Minolta Camera 2¼ 94DM	2/86	1004.	106⅜	107⅞	+0⅞	10.43
Mitsubishi Bk 1¼ 02 US	9/87	3157.	140⅜	142	+2	6.29
Mitsui Trust 2⅝ 01 US	10/86	1903.	150¼	151¾	+0⅝	4.66
Next Plc 5½ 03 £	11/87	4.3	98½	99½	-0¼	208.09
[illegible] 2⅞ 03 US	4/88	804.	131⅝	133	0	12.03
Omron Tateisi 2⅝ 02 US	4/87	1310.	218½	219½	-0⅝	-0.85
Ranks Hovis 4⅞ 03 £	1/88	3.5	111⅝	112⅞	+0⅛	3.94
Redland 7¼ 02 £	†1/87	5.4	92½	93½	+0⅞	13.62
[illegible] 6¼ 03 £	†10/89	4.41	97½	98½	0	24.29
Texas Inst. 2⅝ 02 US	9/87	82.87	74⅛	75⅛	-0⅛	51.29
W.R. Grace 6½ 02 US	9/87	42.12	83⅞	84⅞	0	26.94

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; $above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Board elects surprise choice as CME chief

By Deborah Hargreaves in Chicago

IN AN unusually contested election at the Chicago Mercantile Exchange on Tuesday, board directors voted in Mr John Geldermann as chairman, passing over Mr Larry Rosenberg who, as vice chairman, had been considered the most likely choice for the post.

Mr Geldermann, 63, no longer trades at the exchange but has a long-time seat on the board. He was asked by several fellow board members to run for the chairmanship.

He was favoured for his background in computers which will help the exchange when it launches its Globex electronic trading system later this year.

Mr Geldermann, formerly chairman of the CME in the 1970s, was a partner in a computer service company for 15 years.

Meanwhile, at the Chicago Board of Trade, where Mr Karsten Mahlmann ran unopposed for another year as chairman, the incumbent vice chairman, Mr Patrick Arbor, won his independent campaign for re-election.

Mr Arbor was snubbed by the exchange's nominating committee which backed Mr Dale Lorenzen to run for vice chairman.

Chicago futures fraud inquiry nets eighteen

By Deborah Hargreaves

EIGHTEEN former Chicago employees of First Commodity Corp of Boston were charged on Tuesday with racketeering, conspiracy and other crimes, in what has been described as the largest commodities fraud investigation undertaken in the US.

The employees of the now-defunct futures firm are accused of using high-pressure sales pitches to defraud more than 2,600 investors of about $23m. The investigation into the firm's operations, which began in 1986, has extended to five US cities.

Mr Anton Valukas, US attorney for northern Illinois, said the fraudulent practices under investigation at First Commodity represented a widespread problem in the futures industry.

Mr Valukas had earlier pledged a crackdown on white-collar, commodity fraud crimes.

Employees are accused of using, during First Commodity's operating period between 1980 and 1987, hard-sell techniques which promised high returns to investors in the futures markets without mentioning risks involved.

Employees at the firm had falsely stressed experience in futures and claimed extensive back-up research, Federal authorities claim.

One former employee says he often heard a colleague referred to as the sugar expert. "The only thing he knew about sugar was that it goes into your coffee."

Olympia & York seeks $2.5bn in loans

By Norma Cohen

OLYMPIA & York Development, the Toronto-based property development firm, is seeking $2.5bn in two separate loans to refinance existing debt.

Commerzbank and Crédit Lyonnais have been mandated to arrange a five-year $1.85bn term loan for Olympia & York Resources Credit, a special-purpose finance company newly formed for the refinancing. Its debts are guaranteed by the parent company.

The loans will carry a margin of ⅜ over London interbank offered rates. Participation fees range from six basis points for a $100m commitment to two basis points for a $25m commitment.

Participations will be sought from European banks.

The remaining tranche will not be syndicated, but will be placed directly with selected banks. Terms are expected to be similar to those of the syndicated tranche.

Manny Hanny sets up new Paris branch

MANUFACTURERS Hanover has expanded in Paris with the creation of a new branch specialising in franc Treasury operations, AP-DJ reports.

The US bank group said the new branch would have about 30 employees, some of whom have been transferred from London to focus on franc currency and interest-rate swaps.

The other focus of the new Paris branch will be underwriting for large French and international projects.

INTERNATIONAL CAPITAL MARKETS

Japanese equity warrant issues find ready buyers

By Andrew Freeman

JAPANESE equity warrant deals dominated new issue activity yesterday as bond markets had a positive session against a background of improved sentiment following US trade data for November.

The heavy $2.3bn of equity warrant issues was absorbed with an ease that pleased lead managers. Two issues accounted for $1.7bn together and, as London trading finished, the day's five deals were quoted well above par.

Demand for the paper came from a range of European and Middle Eastern countries and was expected to be equally strong when trading began in Tokyo last night. Dealers throughout the market commented that the reception to the deals indicated the increasing maturity of the equity warrant sector.

The strength of demand led to renewed speculation that lead managers would be able to cut coupons when they set final terms on the bonds. Yesterday, Daiwa Europe cut the coupon on its recent $150m issue for Sumitomo Forestry by ¼ point to 4⅝ per cent, while forecasts for possible cuts on the latest deals range from ¼ to ⅜ per cent.

Mitsui & Company, the trading company active in the buoyant steel and chemicals markets but with interests across a range of industries, produced the largest deal, a $1bn issue maturing in February 1993 and carrying an indicated coupon of 4½ per cent.

Nomura International, the lead manager, said the deal met broad demand, notably from Switzerland. A Nomura official confessed that its size had caused some pre-launch nerves, but the reception was very firm and the bonds were soon quoted at 106 bid, a sharp premium to the par launch price. Final terms will be set on January 24.

Nomura was also the lead manager for a $150m issue for Nakayama Steel Works. The paper, quoted at 103¼ bid, carries a slightly higher indicated coupon of 4⅝ per cent designed to attract investors to the less well-known company. Final terms will be set on January 23.

A $700m issue for Hanwa, the iron and steel trading company, was brought to the market by Yamaichi International Europe. The paper, guaranteed by Industrial Bank of Japan, has an indicated coupon of 4⅝ per cent, also slightly above the prevailing level. The lead manager was quoting the bonds at 104 bid towards the close of trading.

In Switzerland, continued upward pressure on short-term interbank interest rates, which rose around ⅛ point on Tuesday and were up a similar amount yesterday, again subdued grey market activity.

The most notable fall was Oesterreichische Kontrollbank's 20-year 5 per cent paper which was quoted as low as less 6 bid at one stage, a level where it yields about 5.44 per cent. It later improved to less 5¾ bid, although investors continued to shun long-dated paper.

Public subscription of the issue ended yesterday and there was speculation that several banks had been selling paper earlier in the week in order to flatten their positions.

The Republic of Austria 15-year 5 per cent bonds dropped ¾ of a point to less 4 bid, while Heron was down ⅜ to less 3⅛ bid.

A new SFr200m 10-year issue with equity warrants for Thomson-Brandt International was brought to the market by Union Bank of Switzerland. The pricing was considered tight and it is understood that the lead manager was supporting the deal to help it improve from less 4 bid to less 3¼ bid.

Significantly, both Crédit Suisse and Swiss Bank Corporation declined to participate in the deal.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Mitsui & Co.◆	1bn	(4½)	100	1993	2¼/1½	Nomura Int.
Hanwa Co.◆	700	(4⅝)	100	1993	2¼/1½	Yamaichi Int.(Europe)
Mitsubishi Oil Co.◆	250	(4½)	100	1993	2¼/1½	Nikko Secs (Europe)
Hankyu Dept. Stores◆	200	(4⅝)	100	1993	2¼/1½	Daiwa Europe
Nakayama Steel Works◆	150	(4⅝)	100	1993	2¼/1½	Nomura Int.
Final terms fixed on:						
Sumitomo Forestry(a)◆	150	4⅝	100	1993	2¼/1½	Daiwa Europe
AUSTRALIAN DOLLARS						
Fin.Co.of South Australia◆	60	15¼	101.70	1991	1¼/¾	CCF
CANADIAN DOLLARS						
WestLB Int. (Luxembourg)◆	100	Zero	50.47	1996	1¼/¾	WestLB
D-MARKS						
Spar Int.Fin.BV◆	100	6½	100	1996	2¼/1½	DG Bank
SWISS FRANCS						
Polly-Peck Int.Fin.◆	100	6⅛	100	1996	n/a	S.G. Warburg Soditic
Thomson-Brandt Int.◆♦	200	2½	100	1999	n/a	UBS
Japan Radio Co.◆♦	100	(1½)	100	1993	n/a	Credit Suisse
Sogo Denki Co.◆♦	60	5	100¾	1994	1½	Handelsbank NatWest
Final terms fixed on:						
Tsuzuki Denki Co.(b)◆♦	60	½	100	1993	n/a	Credit Suisse
STERLING						
EIB(c)◆	100	10	97⅞	1997	1⅞/1¼	Samuel Montagu
YEN						
Soc.Quebecoise d'Ass'ment◆	10bn	7	111½	1994	1⅝/1¼	Mitsui Finance

◆Private placement. ♦With equity warrants. $Convertible. ◆Final terms. a) Coupon indicated at 4⅝%. b) Put fixed at 30/9/91 at 105⅞ to yield 2.925%. c) Fungible with issue launched in October 1988.

KKR draws excess Nabisco funding

By Norma Cohen

KOHLBERG Kravis Roberts, the US buy-out specialist, has received more than enough commitments from banks to raise the $13.6bn it sought to fund part of its $25bn leveraged buy-out of RJR Nabisco, the food and tobacco group.

While the company declined to give any details, Japan's Kyodo News Service reported yesterday that 45 banks from around the world had committed themselves to lending a total of $14.64bn to finance the acquisition.

According to Kyodo, Japanese banks – led by separate $600m participations from Sanwa Bank, Fuji Bank, Long Term Credit Bank of Japan, and Dai-Ichi Kangyo Bank – will lend $6.2bn, or 42.3 per cent of the total.

Mitsubishi Bank, Sumitomo Bank, Nippon Credit Bank and Industrial Bank of Japan which will each provide $500m.

A total of 17 Japanese financial institutions are involved in the financing.

In addition, 15 US banks, including Chase Manhattan, Manufacturers Hanover and Citibank, have committed $5.04bn, or about 34.4 per cent of the total.

Canadian banks have pledged $1.45bn, or 9.9 per cent, and European banks $1.85bn, or 12.6 per cent, of the loan.

One Arab bank will provide $100m in capital, according to Kyodo.

The loan carries front-end fees ranging from 1.50 per cent for a $100m participation to 3.25 per cent for a $1bn participation, unusually high even for acquisition finance.

Margins on the loan range from 2 to 3 percentage points over London interbank offered rates (Libor), also unusually generous for this type of finance.

Front-end fees and interest service in the first year of the loan are estimated at up to $2bn.

KKR is raising the remainder of capital needed for the acquisition from a combination of bridge loans provided by US securities firms, the sale of securities worth about $3bn and asset sales.

Liffe dilemma for German banks

Katharine Campbell on a low-profile approach to Bund trading

Futures pits are no place to keep a secret. However, the German banks which trade the German government bond, or Bund, contract on the London International Financial Futures Exchange (Liffe) are going to considerable lengths to conceal themselves.

Liffe has achieved unquestioned success with the Bund, which was launched last September, and has averaged more than 5,000 lots a day, or DM1.25bn ($675m) in value terms, since trading in the contract began.

Open interest – the number of contracts outstanding and one test of the market's success as a hedging tool – stood at 10,178 lots at the end of December, comparing favourably with the much longer established US Treasury bond future, where open interest amounted to 8,085 lots.

Yet all this comes in spite of, rather than because of, the German banks themselves.

Germany plans its own financial futures and options exchange – the Deutsche Terminbörse which is expected to open in mid-January 1990. Since one of the products planned is a notional 10-year government bond, the large bank shareholders in the venture would be faced with a political dilemma if seen to be supporting Liffe.

Moreover, for a variety of regulatory and cultural reasons, the experience of German banks in the derivatives markets is limited. Mr Michael Jenkins, chief executive of Liffe, recalls: "It was clear to us right from the start that the Germans knew the cash market but had no experience of futures."

The matter is complicated by the speed with which the London rival product established itself. Thinly disguised scepticism and even open hostility from some quarters of the Federal Republic before the launch have now given way to wry congratulations.

But there is still a long way to go before these extend to German faces in the Liffe pit. "I would really go for it, but my hands are a little bit tied," says an official at one of the more active German banks.

Arranging a party when the principal guest may not attend is always difficult and the outcome of the exchange's previous foreign bond launch, Japanese government bond futures, augurs well for the Bund contract. Still, while the JGB has languished, the Bund has leapt ahead.

The Bund's success stems from an established need for the contract among a wide geographical spread of players, exploited by a tough marketing campaign at the exchange.

While the German government bond market is the fourth largest in the world, no futures market exists. At the time of the 1987 stock market crash, some Japanese investors were forced to hedge their D-Mark exposure on the Matif, the French futures exchange, where a liquid 10-year domestic bond future trades – hardly an ideal solution.

Moreover, the Liffe system of appointing 16 designated brokers for the first three months clearly worked. Sixteen traders were committed exclusively to that pit, which forced firms to make a positive marketing effort.

Mr Tony La Roche, at Cater Allen, says: "We went out of our way to try to get business. We knew we'd soon lose our fellow in the pit unless we gave him something to do."

Although no German institutions are among the 16, Dresdner Bank's trader can sometimes be found in the Bund pit.

The design of the contract, carefully tailored by the exchange to meet market needs, has proved correct. The fact that it is deliverable (for physical stock), rather than cash-settled, has helped American houses to set up aggressive arbitrage operations, taking advantage of price discrepancies between cash and futures.

A liquid futures market has already helped trading in the underlying cash instruments. According to a J.P. Morgan research note, the bid-offer spreads, frequently 15 to 20 pfennigs, quickly narrowed to 5 to 10 pfennigs.

While there are no statistics to indicate turnover in the secondary market, participants estimate that until recently about half the government bond trading took place outside Germany. That proportion is thought to have increased since the Liffe launch.

Already, a wide variety of players has been enticed into the Bund futures market. Swaps desks are beginning to take an interest in the contract, and the existence of a hedging facility has, in turn, helped swaps.

A swaps trader at Midland Montagu notes: "The number of people prepared to quote D-Mark swaps has increased since September, as has the size in which the bigger players are prepared to quote."

Options traders are another sizeable constituent of the market, using futures to hedge their interest rate exposure. Liffe plans to introduce its own option on the future in the first half of this year.

Something of an over-the-counter market in exchange look-alikes, together with more tailored products, has already developed – boosted by the new future but predating it slightly. The anonymity of dealing OTC has apparently proved irresistible to the Germans, among others.

There is no doubt the German banks themselves are using the new instrument, although the extent is unclear. On the whole, their strategies are kept simple.

Almost all the orders are filtered quietly through brokers. "They go to extraordinary lengths to cover their tracks," comments one observer, declining to be more specific.

How effectively this secrecy works is another matter. According to some Liffe members, the German banks' style tends to give them away anyway. They prefer to execute the order as quickly as possible and hence bid or offer the full amount in the pit initially.

Old hands will seldom declare their hand quite so speedily.

World Bank cuts debt schedule

By Stephen Fidler, Euromarkets Correspondent

THE World Bank has reduced the size of its planned borrowing programme this year.

Officials said the programme, originally scheduled at about $11.5bn for the financial year ended June 30, had been scaled down to about $10bn. About $5.5bn has already been raised.

The official explanation is that prepayments of World Bank loans, particularly by East Asian countries such as South Korea, have been far higher than expected.

The Bank, which has in the current financial year started to "warehouse" foreign exchange and interest rate swaps in an attempt to lower funding costs, is still aiming to achieve about 56 per cent of its post-swap borrowing in dollars, significantly higher than in recent years.

Annual turnover at LTOM slips

By Donald Maclean

TURNOVER on the London Traded Options Market fell back last year from a peak reached in 1987, but recovered sufficiently well from the crash of October 1987 to show a higher volume of dealings in the last quarter of 1988.

Overall dealings in 1988 came to about 8.44bn contracts, compared with a record 11.75bn in 1987.

Mr Geoffrey Chamberlain, chairman of LTOM, says that he is confident of the market holding its standing among European markets in both equity and index options.

Compared with 1987, the first quarter of last year showed a 4 per cent fall in volume, the second 42 per cent, the third 26 per cent, and the fourth a 4 per cent rise. Trading in the FT-SE 100 Index jumped sharply in the final quarter.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Wednesday January 18 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Tue Jan 17 Index No.	Mon Jan 16 Index No.	Fri Jan 13 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (209)	829.95	+0.8	11.27	4.29	10.87	8.32	823.21	827.17	822.52	737.94
2 Building Materials (28)	1024.99	+1.4	12.42	4.44	9.90	0.00	1010.56	1012.31	1008.64	973.58
3 Contracting, Construction (39)	1566.88	+0.7	12.63	3.89	10.32	0.00	1557.64	1563.97	1553.60	1426.53
4 Electricals (10)	2480.59	+0.9	9.82	4.70	13.38	0.00	2579.38	2480.53	2421.38	2038.95
5 Electronics (30)	1906.63	+0.5	9.83	3.43	13.16	0.00	1897.38	1911.02	1904.59	1518.99
6 Mechanical Engineering (55)	436.69	+0.4	10.91	4.30	11.16	0.03	434.90	436.57	433.25	381.76
8 Metals and Metal Forming (7)	475.80	+0.9	16.15	6.28	7.90	0.00	470.65	471.67	470.75	448.97
9 Motors (17)	271.42	+0.7	12.04	4.88	9.62	0.00	269.55	271.28	269.56	274.77
10 Other Industrial Materials (23)	1391.32	+0.9	9.44	4.51	12.85	3.29	1379.55	1382.58	1373.69	1267.81
21 CONSUMER GROUP (187)	1077.66	+1.2	9.61	3.89	13.05	0.67	1064.47	1063.96	1050.80	1028.57
22 Brewers and Distillers (22)	1182.43	+1.4	10.77	3.76	11.60	0.00	1166.55	1171.22	1164.25	976.39
25 Food Manufacturing (21)	974.58	+0.7	9.46	3.85	13.23	1.14	967.78	965.34	955.46	898.76
26 Food Retailing (15)	2018.37	+1.6	9.46	3.66	13.92	4.84	1986.74	1876.80	1859.17	2064.96
27 Health and Household (13)	1883.98	+1.6	7.48	2.86	16.17	0.28	1863.89	1868.44	1866.46	1758.67
29 Leisure (32)	1425.13	+1.6	8.19	3.96	15.36	0.00	1407.79	1407.51	1408.33	1172.88
31 Packaging & Paper (17)	553.16	+0.9	10.08	4.09	12.33	0.26	548.23	545.59	544.88	496.38
32 Publishing & Printing (18)	3390.14	+0.9	9.12	4.63	13.71	2.12	3363.17	3368.87	3381.60	3398.91
34 Stores (34)	714.44	+1.3	11.78	4.05	11.17	0.29	705.65	701.30	699.35	941.76
35 Textiles (15)	497.61	+1.6	14.66	5.74	8.52	0.00	489.84	487.47	488.18	582.94
40 OTHER GROUPS (91)	949.65	+1.4	10.85	4.33	11.31	0.87	935.15	936.07	930.73	862.61
41 Agencies (18)	1115.04	+1.8	8.61	2.64	14.66	0.00	1104.98	1106.65	1100.28	1099.28
42 Chemicals (22)	1082.74	+0.6	11.88	4.89	10.16	0.23	1075.89	1079.42	1078.70	1056.91
43 Conglomerates (12)	1298.55	+1.6	10.85	5.51	11.36	0.00	1285.13	1290.33	1285.84	1148.48
45 Shipping and Transport (12)	1988.68	+0.9	10.00	4.19	12.07	0.00	1971.71	1967.98	1956.96	1807.69
47 Telephone Networks (2)	1062.75	+2.4	11.65	4.62	11.76	0.00	1037.54	1039.14	1030.21	917.99
48 Miscellaneous (25)	1270.38	+2.2	11.30	4.34	10.86	0.27	1242.36	1236.58	1225.91	1145.76
49 INDUSTRIAL GROUP (487)	994.48	+1.2	10.41	4.18	11.89	0.40	982.55	983.94	979.22	918.64
51 Oil & Gas (13)	1812.45	+1.8	10.18	6.13	12.57	0.00	1795.37	1806.36	1786.52	1774.81
59 500 SHARE INDEX (500)	1063.94	+1.2	10.38	4.45	11.98	0.37	1051.63	1053.79	1048.80	986.85
61 FINANCIAL GROUP (126)	706.85	+0.9	–	4.88	–	0.00	699.81	700.39	697.86	652.73
62 Banks (8)	705.19	+1.4	20.38	6.21	6.40	0.00	695.14	695.83	695.40	672.24
65 Insurance (Life) (8)	988.40	+1.2	–	5.40	–	0.00	978.54	973.25	966.80	971.86
66 Insurance (Composite) (7)	556.23	+1.2	–	5.68	–	0.00	549.47	546.98	545.87	504.09
67 Insurance (Brokers) (7)	957.02	+0.9	9.10	6.78	13.67	0.00	949.38	955.12	961.45	938.67
68 Merchant Banks (11)	329.95	+0.5	–	4.54	–	0.00	331.98	331.59	327.09	351.40
69 Property (53)	1096.80	+0.6	5.68	2.64	22.44	0.05	1090.46	1092.41	1088.34	1017.86
70 Other Financial (32)	359.43	+0.7	9.76	5.59	12.86	0.00	356.78	356.32	354.32	392.95
71 Investment Trusts (76)	982.37	+1.2	–	3.11	–	0.51	976.58	978.28	965.90	838.98
81 Mining Finance (2)	603.98	+1.2	10.14	3.67	10.99	0.00	595.56	594.09	590.85	436.44
91 Overseas Traders (8)	1295.61	+0.8	9.94	4.88	12.82	0.00	1286.37	1291.61	1284.85	1027.28
99 ALL-SHARE INDEX (712)	976.81	+1.1	–	4.48	–	0.31	965.81	966.78	961.80	896.87

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 17	Jan 16	Jan 13	Jan 12	Jan 11	Year ago
FT-SE 100 SHARE INDEX†	1892.1	+24.4	1892.1	1871.7	1867.7	1871.8	1862.1	1858.9	1834.1	1752.8

FIXED INTEREST

PRICE INDICES	Wed Jan 18	Day's change %	Tue Jan 17	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	118.43		118.44	–	0.96
2 5-15 years	134.89	+0.08	134.77	–	0.58
3 Over 15 years	147.88	+0.15	147.66	–	0.80
4 Irredeemables	169.43	+0.03	169.38	–	0.00
5 All stocks	132.47	+0.06	132.38	–	0.65
Index-Linked					
6 5 years	138.39	-0.03	138.42	–	0.00
7 Over 5 years	127.29	-0.31	127.68	–	0.42
8 All stocks	127.34	-0.28	127.70	–	0.38
9 Debentures & Loans	116.89		116.09	–	0.26
10 Preference	87.51	+0.21	87.33	–	0.17

AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 18	Tue Jan 17	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.28	9.30	8.97
2	15 years	9.02	9.02	9.47
3	25 years	8.96	8.96	9.31
4 Medium Coupons	5 years	10.35	10.35	9.57
5	15 years	9.57	9.58	9.66
6	25 years	9.19	9.21	9.50
7 High Coupons	5 years	10.62	10.62	9.67
8	15 years	9.72	9.74	9.82
9	25 years	9.30	9.29	9.53
10 Irredeemables		8.98	8.98	9.34
Index-Linked				
11 Inflation rate 5%	5yrs	3.74	3.72	2.49
12 Inflation rate 5%	Over 5 yrs	3.74	3.72	4.07
13 Inflation rate 10%	5yrs	2.59	2.56	1.51
14 Inflation rate 10%	Over 5 yrs	3.59	3.57	3.89
15 Debs & Loans	5 years	11.70	11.70	10.94
16	15 years	11.32	11.32	10.91
17	25 years	10.98	10.98	10.91
18 Preference		10.26	10.29	10.50

†Opening index 1871.7; 10 am 1878.1; 11 am 1884.1; Noon 1888.9; 1 pm 1890.1; 2 pm 1884.7; 3 pm 1880.9; 4 pm 1881.8; 4.05 pm 1882.4. (a) 5.00pm (b) 9.00am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	47	41	23
Corporations, Dominion and Foreign Bonds	1	17	33
Industrials	564	248	770
Financial and Properties	299	69	302
Oils	34	14	54
Plantations	1	3	8
Mines	44	48	96
Others	80	63	90
Totals	1,070	503	1,376

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

- First Dealings Jan 9
- Last Dealings Jan 20
- Last Declarations Apr 13
- For settlement Apr 24

For rate indications see end of London Share Service

Calls in Bio-Isolates, Cresta Ridge, P&O Warrants, N. Kalgurli, Clyde Pet, Spectrum, Hillsdown, Control Secs, Interlink Exp, PML, PLC Norfolk Cap Grp, N Kalgurli.

LONDON TRADED OPTIONS

January 18 Total Contracts 59,979 Calls 37,154 Puts 22,825. FT-SE Index Calls 5004 Puts 11145. *Underlying security price.

UK COMPANY NEWS

Bid fails as Wardle gains only 24.9% of Armstrong

By Clare Pearson

WARDLE STOREYS' £83m hostile offer for Armstrong Equipment failed yesterday when the plastic sheeting and survival equipment group acquired or received acceptances for only 24.9 per cent of Armstrong's equity.

Mr Roy Watts, chairman of Armstrong, a manufacturer of industrial fasteners and motor components, said: "I'm delighted that our shareholders have supported the management. Our task now is to fulfill the faith they have placed in us, and I'm confident we will do so."

Roy Watts – delighted with shareholder support

Armstrong, which has suffered a number of setbacks in its recovery programme spearheaded by Mr Watts, is forecasting pre-tax profits of £8.5m, up 49 per cent, for the year to July 1.

Wardle's chances of success diminished when it ruled out improving the terms of its shares-and-cash offer at the beginning of the month. That sent Armstrong's share price, which had stood at above 160p before Christmas, tumbling below the level of Wardle's offer, worth around 155p.

The final stages of the bid were dominated by widely differing assessments from the two sides of the likely value of Armstrong shares if the bid, which provided a prospective p/e of more than 13, lapsed.

Wardle argued that the shares, which traded at around 130p just before the offer was announced in mid-November, could slip as low as 85p.

Armstrong, on the other hand, claimed that they should settle not much below the pre-announcement price – even though this put them ahead of other prospective multiples in the sector – because of the recovery prospects that had emerged during the bid. It had stressed that its forecast indicated a 2½ times improvement in profitability in the second half.

Armstrong's shares closed 5p higher at 139p. The offer had been widely expected to fail.

Mr Brian Taylor, Wardle's chief executive, yesterday said he still thought the terms had been extremely generous. "But clearly we would have had to pay a significantly higher price and that would have been just plain crazy."

He said that Caparo Industries, which ruled out accepting the offer at the end of last week, had offered Wardle 120p a share for the 2.7 per cent stake it held through an associate. Caparo, the largest Armstrong shareholder with 10.9 per cent, declined to comment.

This is Wardle's second failed hostile takeover bid with Mr Taylor at the helm – the company has shown strong growth in profits and earnings over the last four years. It follows the £62m offer for Chamberlain Phipps, shoe components and adhesives group, in the spring of 1987. Here too there was no apparent industrial logic for a merger.

Mr Taylor yesterday refused to be downcast by a second defeat. He said he was quite happy that Wardle retained its cash pile, which was to £32m at its last balance sheet date.

Armstrong was advised by Lazard Brothers and Wardle Storeys by Barclays de Zoete Wedd.

Foes search to uncover investors' loyalty

Terry Dodsworth on the small groupings that may decide the GEC-Plessey battle

WHAT YOU have to remember is that there is no shareholder loyalty at all in the electronics sector. This is the worst performing sector in the stock market since 1982, and it is no exaggeration to say that loyalty among institutional investors is absolutely zero."

This is how one senior analyst in the City sees the battle for the hearts and minds of the shareholders who will decide the outcome of the struggle between GEC and Plessey. Institutional shareholders, he believes, have taken such a hammering over the last few years that many of them will be only too happy to sell the shares of either company.

The key decisions that determine the future of the two groups will come down to only a few major shareholders. About 47 per cent of GEC, according to some calculations, is owned by about 50 shareholders. In the case of Plessey, 25 per cent of the stock is reckoned to be in 10 hands; indeed, one institution alone, the Guardian Royal Exchange, has a 7.5 per cent holding.

Most of these organisations are waiting to see developments as the joint bid for Plessey mounted by GEC and Siemens of West Germany wends its way through the Monopolies and Mergers Commission. But the balance of opinion seems to be weighted in favour of GEC, partly because it has put a firm proposition on the table. Factors in the argument include:

● Shareholders are interested, but bemused, by the Metsun consortium proposal to take over GEC. This offer, organised by the Lazard merchant bank, and supported by Plessey, has not so far convinced investors because of the changes it has undergone as first one industrial backer and then another has lost interest. But it would clearly attract some following if it could be mounted satisfactorily.

"I would like GEC to be broken up," says one investment manager. "I think GEC has gone to sleep. For me, the GEC-Siemens bid for Plessey is very much a second best option."

● A number of institutions say they have been in favour of rationalisation in the UK electronics industry for several years. For fund managers in this camp, the MMC's refusal of the previous GEC bid for Plessey in 1986 was an error, which they hope to see overturned by the new offer. "I always believed that the last bid should have succeeded," said one manager. "We have lost three valuable years which could have been better used to reorganise the industry."

● Some investors are not enthusiastic over the acquisition programme launched recently by Plessey. They argue that it may have paid too much for some of the companies acquired, though they concede that it is too early to make a firm judgment.

● Other investors contend that the Metsun proposals, as sketched out up to now, would not be particularly attractive. One suggestion is that the Metsun-organised break-up of GEC would give Plessey a large slice of Marconi, GEC's defence company. "I'm not sure that I want to invest in a pure defence electronics group, which Plessey would become," said an investor.

Another said he would not be particularly keen on holding shares in the rump of GEC, which would be run by Metsun's chairman, Sir John Cuckney, chairman of the Westland helicopter company. "I don't think his credentials are superior to Lord Weinstock's," he said.

● Support for GEC, while by no means enthusiastic, is stronger for two reasons. First, Lord Weinstock, its managing director, still carries plenty of clout with many institutional managers, who have made money out of the GEC stock in the past.

Second, they can see a relatively clear strategy in the GEC proposals for changing the industry. Some investment managers argue that GEC has had a particularly difficult furrow to plough over the last few years because the sector it works in has been subject to a strong cyclical downturn and heavy international competition. It has been hard, they say, for GEC to break out of the deadlock because of political considerations — the MMC's obstruction over Plessey in the UK, the German Government's refusal of efforts to take over AEG, and antagonism in the rest of Europe.

These investors believe that GEC is now making a valiant attempt to use the possibilities aroused by the 1992 barrier-free Community market. "What GEC needs to do is to match its high margins with the extra volume it can achieve from the activity of the European companies it is linking up with," said one of these enthusiasts. "If it can do that, our support will have been justified."

Storehouse shuns latest Edelman missive

By David Waller

FULL DETAILS of the latest bout of antagonistic correspondence between Storehouse and Mr Asher Edelman, its unwelcome 5.6 per cent shareholder, came out into the open yesterday.

Mr Edelman's letter, dated January 12, was addressed collectively to the whole Storehouse board.

The New York-based investor asked for a meeting and expressed his hope that the directors would heed their "fiduciary responsibilities and be responsive to proposals which will substantially increase the value to all Storehouse shareholders.

"We are convinced that the group's current operational structure precludes it from realising its maximum value for shareholders," he continued, "...we think there is a reasonable likelihood that the current methods of operating will depress the share price still further."

Mr Edelman said that he and Barclays de Zoete Wedd, his investment banking advisers, had studied a number of options over the past several months. Those detailed include:

● Selling all the assets and businesses in Storehouse apart from the Habitat design business and Conran USA. "The proceeds of these sales could be distributed to shareholders," Mr Edelman argued, saying that shareholders would continue to participate in a business which the Storehouse management knows best (design and home furnishing) and that what was left of the company would trade at a premium on the London stock-market.

● A management buy-out "at a price which fully and fairly reflects the values inherent in Storehouse", or,

● A sale of the entire company, as a whole or in its parts, "pursuant to a full and fair auction conducted for the benefit of all shareholders".

Mr Michael Julien, Storehouse chief executive, replied on Monday in a brief letter. "The directors," he wrote, "who are of course fully aware of their fiduciary responsibilities, see no useful purpose in continuing this correspondence or in meeting with you at this time".

Mr Edelman yesterday said that the brush-off was not unexpected. "I suspect them of planning a management buy-out, and that is why they choose not to meet me." This was categorically denied by Kleinwort Benson, merchant bankers to the retail group.

Mr Edelman was rebuffed in his first attempts to secure a meeting just before Christmas.

Storehouse shares were yesterday unchanged at 195p, valuing the company at £796m.

John Tams in bone china buy for £3m

By Fiona Thompson

John Tams Group, Stoke-on-Trent based ceramic mugs and tableware manufacturer, has made its first acquisition since joining the USM last June with the purchase of A T Finney & Sons, producer of quality bone china tableware, for £3.07m cash.

Finney's tablewear, decorated in-house and marketed under the Duchess China trade name, is aimed principally at the mid-price range. Most of its sales are in the UK, although exports, mainly to North America, Australasia and Japan, represent about 20 per cent of turnover.

In the year to March 31 1988, Finney made pre-tax profits of £394,000. Based on the acquisition price this represents an actual exit p/e of 12.

Mr Gerald Tams, chairman and managing director of Tams, said the acquisition represented an excellent opportunity for his company to diversify. Tams is the UK's second largest manufacturer of earthenware mugs and tableware, after Coloroll, and the leading maker of plain mugs for the international decorator market.

Finney will operate as a separate subsidiary and continue to make its current products, said Mr Tams.

CORRECTION

Great Western Res.

Great Western Resources reported pre-tax income of $16.07m in the year to September 30 1988. This included a foreign currency gain of $4.2m. The profits figure was incorrectly stated in our report on January 14.

Parkfield makes £12m disposal

By Ray Bashford

PARKFIELD GROUP, the industrial holding company headed by Mr Roger Felber, has sold its electrical goods distribution division for £12m.

Bridisco, an electrical equipment distributer with annual sales of £45m, has purchased the three companies which form the division, Lightning Electrical Distributors, Lightning Electrical Distributors (Industrial) and Cidale.

Parkfield has been in discussions about the sale of the loss making division since last October.

The company said that for the division to achieve profitability it was necessary to combine it with a larger group.

"The choice was either to acquire a competitor or to dispose of the business and reinvest the proceeds in the group's mainstream activities," the board said.

In the year to April 30 last year the division incurred losses of £1.1m before tax and reorganisation costs, on sales of £29m.

Parkfield increased pre-tax profits by 29 per cent to £6.8m in the six months to October 31 from its other diverse activities, ranging from chassis manufacture to video distribution.

Of the total consideration, £5.5m is in cash, £1m being payable on delivery of completion accounts and a further £4.5m payable next July.

The balance of £6.5m was settled at completion by the issue of three year redeemable preference shares of Bridisco carrying a zero coupon for the first 18 months and 12 per cent annual coupon for the following 18 months.

Parkfield directors said it was their intention to sell these shares to an unnamed financial institution.

MMC set to deliver Gold Fields report

By Kenneth Gooding, Mining Correspondent

SHARES IN Consolidated Gold Fields, the diversified mining group, yesterday moved up 15p to £12.69 after the UK Monopolies and Mergers Commission said it would deliver the report on the hostile £2.9bn bid by Minorco, the South African-controlled investment company, to the Government on time next Monday.

London analysts suggested that because the Commission had not asked for an extension to the three-month inquiry, even though it covered the Christmas and New Year holiday period, it was likely that the bid would be cleared and Minorco would be free to bid again.

Lord Young, the Trade and Industry Secretary, has up to 21 days before he must publish the Commission's findings but Gold Fields expects his decision to be announced in the first two weeks in February.

Meanwhile, Minorco yesterday pointed out that the South African Sanctions Bill, recently re-introduced in the US, would seem to hold a threat for Gold Fields' wholly-owned subsidiaries, Gold Fields Mining Corporation (GFMC) and ARC of America.

The bill contains a reinstated clause which would prohibit the US Secretary of the Interior from issuing certain federal mining leases to "any national of the US which is controlled by or under common control of any foreign person who purchases, acquires, owns or holds any investment in South Africa".

Minorco's US lawyers believe this clause would catch GFMC and ARCA in its net if they were under Gold Fields control but not if they were owned by Minorco which, although 60 per cent owned by South African companies, has no direct investment or assets in that country.

Gold Fields said it had not yet examined the US bill in detail but, if the clause was included, it would certainly have a damaging impact on the American subsidiaries.

Emess sells 60% of M Black

By Clay Harris

EMESS, the lighting and electrical accessories group, has sold to management a 60 per cent stake in Michael Black, its small consumer electronics retail chain. Emess will raise £2.5m from the disposal, which values Michael Black at £4.17m.

Mr Michael Meyer, chairman, said Emess wanted to concentrate on its higher margin core activities. Michael Black was making less than 6 per cent pre-tax, only half the returns elsewhere in the group, on annual turnover of £6.5m.

Moreover, no growth was being achieved in the current financial year with the nation-wide depressed demand for consumer electronics.

Michael Black has shops at Cumbernauld and Newcastle and franchised outlets elsewhere in Scotland and the north of England.

Emess bought it for £3.31m in 1984 after a bidding battle with Highgate & Job, the Scottish industrial company. After the takeover, Emess recouped £1.9m through Michael Black's cash balances and property disposals.

Mr Brian Dinham, up to now the Emess main board director responsible for Michael Black, will become its majority shareholder as well as chief executive.

Jarvis Porter rationalisation

Jarvis Porter, the label and packaging printer, said yesterday it had taken three important steps in its rationalisation package.

The group is selling the business and certain assets of R B Macmillan, a self-adhesive label company, to its management for total consideration of £1.45m.

Jarvis has also completed the move of its London self-adhesive plant to Mitcham; the premises in Fulham have been sold for £770,000.

Peek in £18m agreed offer

By Nikki Tait

PEEK, the electronics and industrial holding group which has been built up from a former shell company by Mr Ken Maud over the past two years, yesterday made a recommended £18m offer for Polytechnic Electronics.

USM-quoted Polytechnic, based in Daventry, Northamptonshire, designs and makes electronic navigation equipment. The company said that it had known Sarasota, a Peek subsidiary with interests in traffic measurement instrumentation and acoustic consultancy, for sometime, and that relations had become increasingly close recently. It also claimed that Peek's greater bulk and financial muscle would usefully augment its business.

The terms of the deal are five new Peek shares or 200p cash for each Polytechnic share. The news had little impact on the Polytechnic share price, which has risen steadily from early-November's 140p-150p level. Yesterday, they eased 3p to 195p.

The deal has the backing of shareholders speaking for 65.3 per cent of Polytechnic — comprising Mr Michael Perry, chairman, Mr G. Nicholl, another director, and two corporate investors, Figge International and Smiths Industries.

Mr Perry, who holds just over 40 per cent of Polytechnic, has agreed to take shares in respect of 70 per cent of his holding. The maximum cash payment by Peek, therefore, would be about £12m, although the company's said it expected the actual cash outlay to be lower. The maximum number of shares which could be issued would be 45m — about 13.8 per cent of the enlarged Peek equity.

Polytechnic came to the USM in 1973, but has had a slightly bumpy profits record since then. It reported a pre-tax loss of £847,000 in 1986-87 after research and development costs of £900,000. It recovered to a £1.1m profit in 1987-88, on sales of £7.8m. Net assets last May were put at £1.9m.

Peek, meanwhile, has been built up by Mr Maud, a South African, through a series of acquisitions — including Dubilier International, a manufacturer of electronic connectors for over £100m.

Peek shares yesterday eased 1p to 39p.

UK COMPANY NEWS

Acquisition helps Lookers advance 53% to £6.32m

By John Thornhill

LOOKERS, Manchester-based motor dealer, increased its pre-tax profits by 53 per cent to £6.32m in the year to the end of September 1988. Turnover advanced 60 per cent from £169.63m to £270.61m. Its shares rose 15p to 172p.

These substantial increases were mainly due to the contribution made by the northern England-based Martins group of dealerships, which Lookers acquired for £8.83m in November 1987.

Mr Ken Martindale, Lookers chairman, yesterday said that Martins had contributed £74m to the company's turnover and about £2m to profits. Group earnings per share increased by 35 per cent to 25p (18.55p, adjusted for a one-for-one capitalisation issue).

The proposed final dividend is 3.7p (2.875p adjusted) making a total of 5.35p (4.175p adjusted).

Mr Martindale said Lookers had benefited from the buoyancy in 1988 in the car market which had risen to a record level for the fourth consecutive year. The company had sold 20,424 new cars, vans and trucks and 16,902 used vehicles during the year.

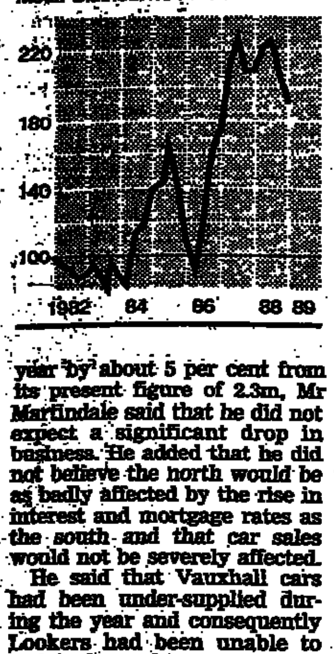
Although he expected the new car market to shrink next year by about 5 per cent from its present figure of 2.3m, Mr Martindale said that he did not expect a significant drop in business. He added that he did not believe the north would be as badly affected by the rise in interest and mortgage rates as the south and that car sales would not be severely affected.

He said that Vauxhall cars had been under-supplied during the year and consequently Lookers had been unable to satisfy demand.

Lookers' other interests in vehicle contract hire, agricultural machinery and caravans had all performed steadily, he said.

Lookers

Share price relative to Datastream Motor Distributors Index



● COMMENT

Lookers has turned in impressive figures, but the worry must be over how long such growth can be sustained in a harsher economic climate. A drop of 5 per cent in the new car market would probably not affect results significantly but a fall of 10 per cent – not inconceivable – would certainly squeeze. The chairman may be right in assuming that the north will prove more recession-proof than the south. Used car dealing and servicing provide a good fallback as well. The 7.25 per cent stake bought by T. Cowie, Sunderland-based motor group, probably does not signal an imminent takeover battle. Mr Tom Cowie should be seen as a shrewd stockmarket operator in his sector and not as a potential bidder. Moreover, Woodchester Investments shows no sign of wanting either to sell or increase its friendly 29.3 per cent stake. Assuming modest growth in pre-tax profits to £7m, the shares stand on a prospective p/e of about 6.5p and appear to be a safe, if unspectacular, investment.

Quicks in £3m dealership buy

By John Thornhill

QUICKS GROUP, Manchester-based motor and parts distributor, yesterday announced the acquisition of Davies Group, Coventry and Nuneaton-based dealership, for £3.25m.

In addition, it forecast pre-tax profits of not less than £3.4m for the year ending December 31 1988.

Davies, which trades under the Parkside banner, employs 255 people and operates from five locations in and around Coventry. It possesses franchises for Austin Rover, Freight Rover and Unipart which have not previously been represented by Quicks.

In the year to end-December 1988 Davies made pre-tax profits of £246,000 on a turnover of £22.6m. At that date revalued assets totalled £3.04m.

The purchase represents a key development in Quicks' delared intent of becoming a nationwide group of motor dealerships with strong contract hire and parts divisions.

In recent months Quicks has been particularly active in the West Midlands area. It has invested £1m in a new Peugeot-Talbot dealership at West Bromwich and is currently relocating and refurbishing the group's original Ford dealership at Old Trafford.

Prestwich calls off talks on management buy-out

By Philip Coggan

PRESTWICH HOLDINGS, leisure company, announced yesterday that discussions concerning a management buy-out for the group had been discontinued.

A buy-out was first mooted in September last year when Mr Philip Keane, the Prestwich director who led the team, said that it was felt that the company's stockmarket rating was unsatisfactory.

However, the discussions "went on too long", according to Mr Paul Levinson, Prestwich's chairman, yesterday. "Interest rates crept up and the sums that added up five months ago don't add up today," he added.

Mr Levinson said that the elimination of the uncertainty regarding the buy-out would allow the management to focus its full attention on expansion of the business.

Since the buy-out was first discussed, Prestwich has sold a distribution site to Parkfield, a mini-conglomerate, and the Mobile Merchandising Company to Splash Products. Mr Levinson said that the proceeds from the sales would allow Prestwich to expand its core activities.

Given the delay since the possibility of a buy-out was first proclaimed, the market was unsurprised at the Prestwich announcement and the shares fell 1p to 118p.

SAUR offer for Eastbourne nears finish

By Fiona Thompson

SAUR Water Services, a subsidiary of Bouygues, French construction and service group, is set to declare unconditional its agreed offer for Eastbourne Water Company. The offer values Eastbourne at about £15m.

SAUR said yesterday that it had valid acceptances, or irrevocable undertakings to accept the offer, in respect of shares representing 46.92 per cent of the voting rights. Adding in its own shares, which represent 7.536 per cent of the voting rights, it now speaks for 54.483 per cent of the voting rights.

SAUR said the offer would be declared unconditional as soon as valid acceptances in respect of outstanding irrevocable undertakings had been received.

Southern Water Authority, which holds a 34 per cent stake in Eastbourne, is having talks to decide what to do with its holding. It is debating whether to sell the stake or stay as a minority shareholder.

● On Tuesday Southern mounted a counter-bid for Folkestone and District Water Company through AIPF Water Fund, its joint venture with Associated Insurance Pension Fund. The Southern/AIPF offer values each class of Folkestone's voting stock at £350 for each £1 nominal, compared with £250 offered by General Utilities, the UK subsidiary of Générale des Eaux, France's largest water supplier. The French bid values Folkestone at £8.3m.

Farepak set to join USM with near £14m tag

By Vanessa Houlder

FAREPAK, mail order group and contract food processor, is joining the USM via a placing valuing it at £13.7m.

Hoare Govett is placing 1.35m shares, representing 12.4 per cent of the enlarged equity, at 125p each. Dealings are expected to start on January 26.

For the year to April 30 1988, it made profits before tax and non-recurring items of £1.71m on turnover of £27.8m. For the year to April 30 1989, it is forecast to make pre-tax profits of £2.2m, which at the placing price, puts it on a prospective p/e of 9.7.

Farepak sells food hampers, jewellery, gifts, toys, novelties and shopping vouchers by mail order. It is also engaged in contract food processing and packing of food and other frozen meat products.

Hoskins stake in Associated Farmers

Mr Barrie Hoar, chairman of Leicester-based Hoskins Brewery, and his family interests have bought a 5.1 per cent stake in Associated Farmers, an East Anglian farming company which joined the Third Market earlier this month.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Brunning Group ......int	1.75†	Mar 9	1.25	-	3.75
Bucknall Austin§ ......int	1.1	Feb 15	-	-	-
Clark (Matthew) ......int	5.5	Apr 7	4.5	-	11
Copson (F) ......int	1	Apr 3	-	-	3
Courtney Pope ......int	3.5†	Apr 28	2.5	-	7
Electron House §......int	2.5†	Apr 17	2	-	4.5
First Leisure ......fin	2.03	Apr	1.59‡	2.93	2.34‡
Highland Elect ......int	1	-	1	-	3
Lookers ......fin	3.7	Apr 28	2.875*	5.35	4.175*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Adjusted for share subdivision.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Cook (DC), Fitch Lovell, Jarvis (J), Kewill Systems, Symonds Engineering.

Finals- Cardiff Property, Colorvision, Densmans Electrical, Group Dev Capital Trust, Moorfields Estates, Pericom, Selective Assets Trust, Trusthouse Forte, Waverley Cameron.

FUTURE DATES

Interims-

Bryant	Feb. 9
GT Venture Inv	Feb. 14
Heath Samuel	Jan. 20
Interlink Express	Mar. 16
Lebowa Platinum Mines	Jan. 23
Perstorp	Jan. 27
Rustenburg Platinum	Jan. 23
Finals-	
Hey & Croft	Jan. 25
Royal Trust Yen Bond Fund	Jan. 31
St Modwen Properties	Feb. 8

PUBLIC WORKS LOAN BOARD RATES

Effective January 18

Years	Quota loans repaid by EPI†	Quota loans repaid At††	Quota loans repaid at maturity§	Non-quota loans A* repaid by EPI†	Non-quota loans A* repaid At††	Non-quota loans A* repaid at maturity§
1			11½			12¼
Over 1 up to 2	11⅜	11⅜	11	12⅜	12⅜	11¾
Over 2 up to 3	11⅛	11⅛	10¾	12⅛	12⅛	11½
Over 3 up to 4	10⅞	10⅞	10⅝	11⅞	11⅞	11⅜
Over 4 up to 5	10¾	10¾	10½	11¾	11¾	11¼
Over 5 up to 6	10⅝	10⅝	10½	11⅛	11⅛	11
Over 6 up to 7	10⅝	10½	10½	11⅛	11	11
Over 7 up to 8	10½	10½	10½	11	11	11
Over 8 up to 9	10½	10½	10¼	11	11	10¾
Over 9 up to 10	10½	10½	10⅛	11	11	10⅝
Over 10 up to 15	10½	10¼	9¾	11	10¾	10¼
Over 15 up to 25	9⅞	9⅝	9⅜	10⅜	10⅛	9⅞
Over 25	9½	9⅜	9¼	10	9⅞	9¾

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

GFW clarifies its position on RHM

By Nikki Tait

SHARES IN Ranks Hovis McDougall dropped sharply in early trading yesterday after a variety of reports from Australia and New Zealand appeared to play down recent speculation that some sort of renewed predatory action, based around the 29.9 per cent stake held by Sydney-based Goodman Fielder Wattie, was imminent.

However, the shares later recovered to close 1p higher at 379p.

GFW made a £1.7bn bid for RHM, UK food and bakeries group, last summer, but this was referred to the Monopolies and Mergers Commission.

GFW subsequently withdrew from the inquiry, and announced that it was inviting offers for its stake. Talk of some sort of break-up bid was first mooted in November when a suitable buyer could not be found.

Since Christmas, there has been speculation that GFW might be seeking to reopen the MMC inquiry or, alternatively, that it was close to organising some sort of consortium bid for RHM.

Both of these rumours were given short shrift by the GFW camp.

The company's London office said it was not possible to "reopen" an MMC inquiry which had lapsed, and it dismissed the suggestion as factually inaccurate.

Regarding the other possibility, GFW pointed out that it was restrained by the Takeover Code from rebidding for 12 months, or from acting in concert with any other bidder during the same period.

However, GFW did restate its position. Although the "auction" of its holding last autumn had not produced an unconditional cash offer for the entire stake, a number of parties had put forward alternative proposals. Some discussions had followed and were continuing.

Pilkington in NZ buy

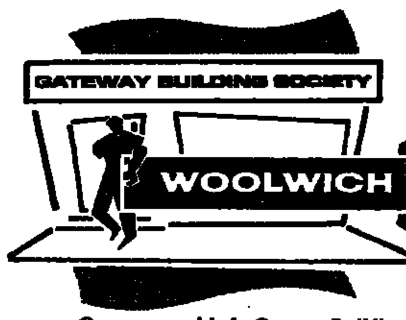
By Fiona Thompson

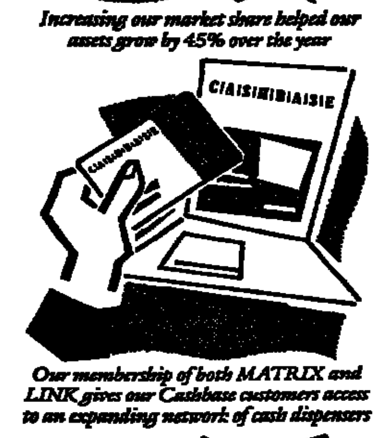
PILKINGTON, the world's largest producer of flat and safety glass, has acquired Winstone Glass, a New Zealand glass merchant. Pilkington (New Zealand), a wholly owned subsidiary, has bought Winstone from Fletcher Challenge.

Neither side would reveal the price paid. Pilkington said it represented less than 5 per cent of group net assets and would be settled in cash. Pilkington's net assets as at March 31 1988 amounted to £994.7m.

Winstone has more than 40 per cent of the flat glass market in New Zealand. It has in excess of 35 outlets, more then 730 employees and achieved turnover of NZ$ 81m (£29m) in the year to June 30 1988.

The name Winstone Glass will be maintained and the company will continue to operate as a glass merchanting business. Its activities will be managed separately from the manufacturing operations of Pilkington in New Zealand.





UK COMPANY NEWS

First Leisure boosted by bowling and discotheques

By Vanessa Houlder

STRONG GROWTH in discotheques and ten-pin bowling operations led to a 25 per cent rise in pre-tax profits at First Leisure from £16.11m to £20.17m for the year to October 31. Turnover increased by 22 per cent to £81.12m (£66.3m).

Mr John Conlan, chief executive, announced the intention to sell 19 pubs in the Portsmouth area, bought in December 1987 for £5.7m. Although profitable, they were unlikely to meet the group's criteria of a 20 per cent return on investment. Negotiations for the sale were at an advanced stage.

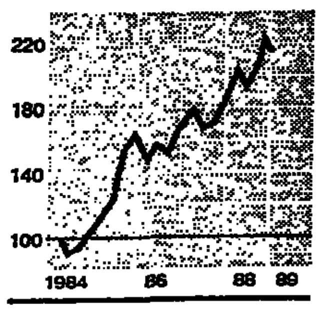
Mr Conlan said the company aimed for growth through organic expansion. The company was continuing to research expansion possibilities in Europe.

During the year, the company opened or acquired four discotheques, three cafe bars, five bowling alleys, two hotels and one caravan park. It spent £43m on acquisitions, new developments and refurbishments. This year it plans £30m of capital expenditure.

The breakdown of operating profits showed that the contribution from resorts increased by 12 per cent to £11.36m; dancing and sports increased by 39 per cent to £13.31m; theatres fell by 7 per cent £1.3m; property more than doubled to £0.9m. Administration expenses increased to £5.16m (£4.34m) and interest costs by 37 per cent to £1.55m.

First Leisure

Share price relative to the FT-A All-share index



The return on capital employed decreased to 21.2 per cent from 26.6 per cent in 1987, following a revaluation of properties. Gearing increased from 11 per cent to 18 per cent.

Profits in the theatre division declined due to the winding-down of Chess at the Prince Edward.

Earnings per share increased by 25 per cent to 10.29p (8.25p). A final dividend of 2.03p made a total of 2.93p for the year, an increase of 25 per cent.

● COMMENT

Given the rave reviews earned by its musicals, 10-pin bowling alleys and discos, First Leisure can scarcely be accused of stirring up boredom. But that is close to the response elicited in the City, which has grown used to its perennially and predictably good results. Accordingly, the shares responded to yesterday's results by dropping 2p to 149p. Organic growth of 20 per cent a year seems set to continue given First Leisure's heavy capital expenditure and the quick returns being experienced on new openings. The management is credited with careful planning, although it could experience difficulties in finding suitably-priced new sites. Another potential dampener could be the downturn in consumer spending. That said, First Leisure's broad geographical spread and the low outlay involved in going to a disco or bowling alley should leave the business relatively undimmed by higher mortgage rates. All in all, the shares are reckoned to deserve their premium rating of 13, assuming pre-tax profits of £23m this year.

UAP raises stake in Sun Life to 19.24%

By Nick Bunker

UNION DES Assurances de Paris (UAP), the state-controlled French insurer, has edged up its stake in the UK's Sun Life Assurance to 19.24 per cent, after picking up shares in the market over the last 10 days.

The announcement from UAP yesterday came as little surprise to traders and analysts, who had noted that Sun Life's share price had risen 110p since the beginning of last week, when they were at 868p, and suspected that UAP was behind the buying.

UAP's previous holding was 18.2 per cent, which it acquired via a dawn raid on September 30 and a deal which gave it control of a 7.5 per cent stake formerly held by Brussels insurer Groupe AG.

The extra share-buying looks unlikely to presage a full bid by UAP for Sun Life, in view of comments last September by Mr Jean-Claude Haas, of Maison Lazard et Compagnie, UAP's adviser, who said it had no intention of bidding.

Some life assurance analysts speculated that UAP could be positioning itself in advance of a rights issue at Sun Life.

Matthew Clark bubbles up to £3.3m

By Lisa Wood

MATTHEW CLARK and Sons (Holdings), the wines and spirits distributor, yesterday reported pre-tax profits 12 per cent higher at £3.3m for the six months to end-October 1988.

Turnover from group activities, including Sealark Transport, the south east England distribution business and I H Baker, Australian drinks distributor, rose by some 10 per cent from £35.4m to £38.81m after customs and excise duty of £14.8m (£15.09m).

Attributable profits were £1.37m (£1.1m) with earnings per share increasing over 22 per cent from 12.5p to 15.3p. The interim dividend is raised to 5.5p (4.5p).

Mr Francis Gordon Clark, chairman, said that the relatively high increase in attributable profits and earnings per share arose from the group's wholly-owned subsidiaries showing greater growth than J E Mather, the Leeds-based British wine and sherry business, owned as to only 52 per cent by the company.

Mather returned pre-tax profits of £2.36m compared with £2.26m. Mr Gordon Clark said Mather's successful diversification into imported wines and contract production had resulted in output rising by over 30 per cent.

I H Baker converted last year's £123,000 loss into profits of £155,000. The business showed a substantially improved turnover in the period with more aggressive marketing of agency brands.

Strong growth in sales was achieved by Clark's agency business, which included Macallan malt whisky, Taittinger champagne, Martell cognac, Janneau armagnac and several Irish whiskey brands. The continuing agency for the whiskey brands is uncertain following the acquisition of Irish Distillers by Pernod Ricard.

What is certain, however, is that in May, Clark's agency subsidiary will lose the UK agency for Martell cognac and Janneau armagnac because Seagram, which acquired Martell last year, wants to use its own distribution channels.

Mr Gordon Clark said that while the brands accounted for an important part of group turnover he was confident there would be no dip in profits in 1989-90 due to the loss of the agency brands.

Cost savings were being made by redundancies in the subsidiary. Other savings were coming from moving the Stone's Ginger Wine business to Leeds.

Matthew Clark shares closed 6p up at 413p.

Maxwell in £22m Israeli expansion

By Andrew Whitley in Herzlia, Israel

MR ROBERT MAXWELL, the media magnate, has taken effective control of Scitex Corporation, Israel's flagship hi-tech company, by acquiring 27 per cent of its enlarged share capital for $39m (£22m).

Under the deal – made through Mirror Group – Mr Maxwell replaces Mr Efraim Arazi, Scitex's founder, as chairman. His son Kevin was one of the three other directors named by Mr Maxwell.

At a press conference in Herzlia, where the company has its headquarters, the British businessman said he intended to develop Scitex into a multinational enterprise. "The problem the company now faces is the need to go international: to form alliances, partnerships and make acquisitions."

Mr Maxwell said the goal would be to transform Scitex from a $200m company into a business with annual revenues exceeding $500m, through the provision of international capital and distribution facilities.

A statement issued by the company – a world leader in computerised imaging systems for the printing and publishing industries – said Mirror Group had agreed to co-operate with the two principal Israeli shareholders, privately-owned IDB Group and Clal holding company. After dilution they will each have about 14 per cent of Scitex's equity. About 6 per cent is held by a private US investor and the balance traded in New York.

The acquisition links Mr Maxwell's publishing and newspaper interests to one of the most innovative companies in the fields of colour printing and graphic arts. Scitex pre-press systems have become an industry standard worldwide.

After three successive years of losses, totalling nearly $52m, the company returned to the black last year. For the first nine months of 1988 profits were $9.3m on sales of $115.2m, against a corresponding loss of $6.4m. Scitex forecast profits of $14m for 1988 on revenues of about $190m.

News Digest

COURTNEY POPE

Rise of 32% in first half

COURTNEY Pope (Holdings), shopfitting, engineering and electrical group, reported a 32 per cent rise in profits for the half-year to end November.

The taxable figure of £1.84m compared with £1.39m and was from turnover 23 per cent ahead at £26.85m (£21.86m). After tax £619,000 (£430,000), and minorities £130,000 (£21,000), earnings per 50p share worked through at 9.1p (8.9p). The interim is raised to 3.5p (2.5p).

ELECTRON HOUSE

Progress to £2.1m midway

Improved market share, increasing profit margins and contributions from acquisitions resulted in an 82 per cent rise in pre-tax profits at Electron House in the six months to November 30. The advance from £1.1m to £2.01m was achieved on sales up 66 per cent from £24.19m to £40.22m.

They have declared an interim dividend of 2.5p (2p) on earnings per 10p share of 7.7p (5.32p).

BUCKNALL AUSTIN

Profits rise to £0.5m

In its first set of results since joining the USM last July Bucknall Austin, quantity surveyor, cost control consultant and project manager, reported a 47 per cent rise from £351,000 to £516,000 for the six months to October 31. Turnover was 51 per cent ahead to £6m against £3.97m.

An interim dividend of 1.1p is declared, payable from earnings per 1p share of 5.05p (4.11p).

HIGHLAND ELECT

Trading up to expectations

Trading in the six months to the end of October at Highland Electronics, maker and distributor of electronic products, was up to expectations, the company said, with all divisions and subsidiaries operating at a profit.

Pre-tax profits for the group were ahead by £28,000 to £420,000 on turnover which slipped to £6.33m (£6.78m). After a tax charge increased £15,000 to £140,000, earnings per 20p stock unit were up at 3.2p (3.05p). The interim dividend is held at 1p.

The company said that the manufacturing division should be assisted by the good orders for systems and sub-contract work obtained in the first half.

F COPSON

Strong growth in all divisions

Strong performances in all divisions at F Copson, supplier of heating equipment and builders' materials, ensured an 83 per cent improvement in profits for the six months to the end of October.

The taxable figure of £566,000 (£309,000) was struck on turnover increased by 53 per cent to £17.4m (£11.39m).

Earnings advanced 66 per cent to 6.29p (3.79p) per 5p share and the directors said that, as a result of these results, an interim dividend would be paid for the first time, of 1p.

UK COMPANY NEWS

Apricot pruned by profits warning

By Alan Cane

APRICOT COMPUTERS, the Birmingham-based manufacturer of high-performance workstations which had been enjoying a steady return to financial health after posting losses in the mid-1980s, yesterday reported a setback.

The company said it was unlikely in the current year to repeat its 1987-88 profits of £8.2m because of unexpectedly poor third quarter results.

Apricot shares fell 12p to 71p on the announcement.

Despite an order backlog which exceeds £8m in value, Mr Roger Foster, chief executive, said he believed the shortfall cannot now be recovered by the end of the group's financial year in March.

While unwilling to put a figure on the amount by which profits would be reduced, he agreed it was unlikely to be more than £1m-£2m.

Mr Christopher Loynes, the company's finance director, resigned two days ago but according to Mr Simon Hunt, deputy chief executive, his move was unconnected with the financial results. Mr Loynes, a Londoner, had found it difficult to settle in the West Midlands, Mr Hunt said.

Apricot's third quarter shortfall was the result of both technological problems and the slowdown in the financial services marketplace.

In the last quarter, Apricot completely changed its product lines, introducing new ranges of advanced personal computers and workstations including a family using a new design – Micro Channel Architecture (MCA) – pioneered by International Business Machines, the world leader in personal computers.

Problems with supply of the complex MCA semiconductor chips, engineered and manufactured by Chips and Technologies of the US, delayed delivery of the new machines.

Roger Foster: slowdown likely to continue throughout 1989

Apricot, recalling its harsh experience of three years ago when a similar change in technology left it with a substantial inventory of virtually unsaleable machinery, had taken a cautious view of stocks of its earlier computer models and found itself short of product throughout the quarter.

Mr Foster said it had been a temporary blip. Supply of the MCA chip was now secure and the backlog was being eroded.

He was less sanguine about the slowdown in financial markets which affected the performance of Apricot's Financial Systems division which contributes about one third of group profits.

Overheads had been reduced, Mr Foster said, but profits of the division were expected to remain below budget for the fourth quarter. He thought the slowdown, which was leading customers to delay placing orders for dealing and settlement systems, was likely to continue

ML in £4.3m Radiatron purchase

By Ray Bashford

ML HOLDINGS, the aerospace, defence and electrical engineering group, is paying £4.3m for Radiatron Holdings, a London-based electronic equipment distributor. The purchase is made up of £3.6m cash and the issue of 185,186 ML shares.

ML has also agreed to purchase or redeem at par 525,000 of 11 per cent cumulative redeemable preference shares at £1 within a year of the purchase.

The directors stated that the deal will expand ML's component distribution activities and help it achieve a significant position in the non-defence related electronic engineering distribution sector.

Radiatron profits were £582,000 on £5.3m sales for the year to September 30.

Yearlings

Yearling bonds totalling £0.5m at 12½ per cent, redeemable on January 24 1990, have been issued by the following local authority. Central Scotland Water Development Board £0.5m.

Cifer acquisition gives £9.6m valuation to Ferrari Computer

By Philip Coggan

A FERRARI has reversed into Cifer, the USM-quoted electronics company. Ferrari Computer Services is being acquired by Cifer for 80m shares, equivalent to 50 per cent of the group's expanded share capital.

Mr Bob Woodland, chairman of Ferrari, which took its title from his wife's maiden name, will become chairman of the enlarged group. The deal values Ferrari at £9.6m, based on the last quoted price for Cifer shares of 12p. Cifer's shares were suspended on January 6.

Ferrari has three core businesses – distribution, information management solutions, and warehousing services & logistics management. It made pre-tax profits of £1.08m in the year to March 31 1988.

Mr Woodland said he was planning a structure with a small holding board and several small separate operating companies. "It is vital to stay close to the customer" he said.

Cifer, best known for making visual display units, joined the USM back in 1983 and soon plunged into losses after an over-ambitious expansion programme coincided with a fall in demand for the company's 8-bit micros.

In 1984, the group underwent a rationalisation programme, with the backing of Lloyds Bank and Investors in Industry (3i). Cifer then struggled for the next few years to restructure the group but slumped into losses once more in the first half of 1988.

Then in August 1988, a consortium led by Mr Bill Weinstein, a management consultant, subscribed in a refinancing package which was also backed by British & Commonwealth Bank. As part of the deal, Lloyds Bank and 3i converted their original loans into equity.

Since then, Cifer has brought in new management and has acquired two companies – ATS, a communications equipment manufacturer and Scorpion Software, a software and systems house.

The deal to acquire Ferrari will need to be approved at an extraordinary general meeting, probably in March. The company is likely to change its title, although it will keep the Cifer product name.

COMPANY NEWS IN BRIEF

BOWTHORPE HOLDINGS has added to its military power supply business in the US with the $500,000 (£284,000) acquisition of a division of Superior Manufacturing and Instrument Corp of New York. The assets include a $6m order book.

CAMBIUM VENTURE Capital's investors approved a change in status from an investment company to an industrial holding company and a name change to Flagstone Holdings.

CITYVISION, video hire company, has acquired Rent-A-Tape for £596,650, payable in cash and £171,650 in Cityvision shares. Additional consideration for the Scottish group to a maximum of £250,000 will be due if net rental income from the eleven acquired stores amounts to £498,420 in the six months beginning January 17.

CSL has appointed Panmure Gordon as financial adviser and stockbroker, in place of ANZ McCaughan Merchant Bank.

LOPEX Communications has bought the outstanding 40 per cent interest in Forman Dove, Dublin-based public relations consultancy, for I£54,000.

Brunning expands in £3.9m acquisition

By Philip Rawstorne

BRUNNING GROUP, advertising and marketing company, yesterday announced that it is to buy Chetwynd Haddons, consumer advertising agency, from Addison Consultancy Group. The £3.9m cash deal will take the merged agency into the industry's top 20 with billings of about £60m.

Brunning will also acquire Chetwynd's subsidiaries, Creative Link, a finished art studio and Communications Direct, a direct marketing agency.

Brunning yesterday reported interim pre-tax profits for the six months to September 30 1988, in line with City expectations at £515,000, compared with £357,000 for the same period in 1987. Turnover was up £4.77m at £33.97m and earnings per share were 9.5p (7.9p). The interim dividend is 1.75p (1.25p).

The sale of Chetwynd Haddons is in line with Addison's strategy of concentrating on fewer areas of business, such as design and market research, and follows the demerger of the Michael Page recruitment services business last May.

Chetwynd made a pre-tax profit of £1.1m in 1987 and has a net worth of some £900,000. It was a major contributor to Addison's profits in 1988, but lost a number of important accounts – notably Thomas Cook and C & A – during the year.

Addison has confirmed that, in line with its statement in September when it reported half-year pre-tax profits of £320,000, "it remains confident that the results for the second half will show a significant improvement."

The agreement is conditional on the approval of shareholders of both Addison and Brunning and extraordinary general meetings are to be called.

Brunning's shares closed 5p to 152p, and Addison's gained ¼p to 31¼.

HPC directors accept £9.2m offer from Sidlaw

By Fiona Thompson

SIDLAW, the Dundee-based textiles and oil services group, has made a recommended offer for HPC, the plastic packaging company, based on a one-for-one share deal which values HPC at £9.2m.

HPC, which operates from three sites, Bretford, Byfleet and Birmingham, makes polythene and polypropylene products such as bags, gloves and aprons for medical use. It also produces products to customer specification for the health and pharmaceutical industries, prints high quality film for mail wrappers and bags for motor parts and wholesales a range of workwear and protective clothing.

HPC joined the USM last May. In the year to March 31 1988 it made pre-tax profits of £811,000 on turnover of £6.45m. The directors have forecast a pre-tax figure of not less than £900,000 for this year.

Sidlaw is the world's largest producer of top quality jute yarn for Axminster and Wilton carpet weavers in the UK and abroad, and it spins synthetic and woollen face yarn for tufted carpets. The oil services division provides specialised port and engineering facilities from its Peterhead base.

Mr Digby Morrow, chief executive of Sidlaw, said his company had targeted HPC because "it was in an attractive, growing sector and Sidlaw needed a point of growth. There is some limitation in our existing business."

Mr Barry Prichard, chairman of HPC, said his company had been keen on the merger because it would provide funds for expansion and a sales force. HPC acquired two companies just prior to joining the USM but both companies were without sales forces.

Sidlaw has received irrevocable undertakings from all the directors of HPC to accept its offer in respect of shares representing 73.4 per cent of the company's capital. The offer to HPC shareholders is based on one new Sidlaw ordinary share for each HPC share. There is an alternative of convertible redeemable preference for up to one third of their holding or a 10 per cent cash alternative of 127p per share.

HPC shares closed 3p up at 129p last night. Sidlaw fell 6p to finish at 132p.

Textron offer for Avdel goes unconditional

By Nikki Tait

Textron, the large US conglomerate, yesterday declared its £138m recommended offer for Avdel, the UK fasteners group, wholly unconditional.

Textron said that by late Tuesday it either owned or had valid acceptances in respect of 63.8 per cent of Avdel.

This follows its decision on Friday evening to buy out the 44.7 per cent stake held by Banner Industries, a former rival bidder for Avdel, at 100p a share.

As a result of the purchase, Textron was obliged to revise its offer to all shareholders – raising its terms from 92p per share to the 100p level.

The revised offer remains open for acceptance until further notice. The loan note alternative will close on February 1.

COMMODITIES AND AGRICULTURE

Chicago grains steadier after hectic price plunge

By Deborah Hargreaves in Chicago

CHICAGO'S maize and soyabean futures markets paused for breath yesterday following the plunge in prices at the beginning of the week when speculators had rushed to quit the market in some of the heaviest trading since last summer's drought.

Mid-morning trading yesterday saw some consolidation in the maize market after the huge price drop that had taken futures to the lowest levels since November. But traders saw little chance of a recovery in price despite rumours that the Soviet Union was negotiating the purchase of 500,000 tonnes of US maize.

Maize futures prices plummeted early in the week in what one trader described as an "absolutely crazy" market. Prices fell by permissible daily limits in the first hour of trading on Monday, after Friday's US Department of Agriculture report revised figures for US maize output last year.

The Department's surprise figures put US maize production at 4.92bn bushels instead of its previous estimate for the drought-damaged crop of 4.7bn. This led to a flood of speculators pouring out of Chicago's markets at the beginning of the week and as the maize contract remained locked at its price limit, much selling pressure spilt over into soyabeans.

Soyabean futures prices sunk further on news of heavy rains in growing areas in Brazil, which are expected to help the country's crop recover from earlier hot, dry weather. Both Brazil and Argentina have planted increased acreage of soyabeans in response to last summer's US drought.

Wheat futures have seen more support since the USDA announced that farmers had planted 12 per cent more winter wheat this year – 54.5m acres – which was below traders' expectations. Wheat futures saw further strength yesterday as China entered the market to buy 750,000 tonnes of US wheat.

EC faces grain sales squeeze

THE EUROPEAN Community may soon find itself in a budget pinch on grain export sales despite a fall in the cost of EC export subsidies because of higher world prices following last year's US drought, traders and government officials believe, reports Reuter.

The EC Commission has not said how much it budgeted for grain export subsidies in the 1988-89 (July-June) campaign, but it told the weekly EC Cereals Management Committee last month that its volume targets were 12m tonnes of soft wheat, 3.5m tonnes of flour, 1m to 1.5m tonnes of food aid, 2m tonnes of durum wheat, 8.5m tonnes of barley and 2.5m tonnes of malt in barley equivalent, said an official who was at the meeting.

Export licences had already been granted covering 80 per cent of the target for soft wheat, 85 per cent for barley and 85 per cent for durum, the commission said last month.

Since then the rate of granting has slowed.

Traders say the commission may soon have to decide whether to shift money from elsewhere in the budget to continue an aggressive export campaign, or slow the pace of export sales to accommodate the budget constraint.

Ironically, a cash squeeze is possible because the amount allocated for export subsidies was cut in a revised budget after it became clear higher world grain prices would mean savings.

European grain traders say the French government in particular is keen to push ahead with an aggressive export campaign.

Mr Daniel Tournay, president of Onic, the French National Cereals Office, said in October that the EC share of world wheat and flour trade would reach 22 per cent in 1988-89, up from 14 per cent in 1987-88. That was higher than the 20 per cent EC share projected by the International Wheat Council, he noted.

In December the IWC forecast that the EC would export a record 20m tonnes of wheat and flour, including durum and food aid. That is some 1.5m tonnes higher than the EC budget targets.

European traders believe the commission will take advantage of high world prices and export more.

"I think they will try to reach 21m tonnes," said one Geneva-based analyst.

At the cereals management committee meeting last week the commission said it expected China to return to the market for EC wheat after buying 1.35m tonnes in December. But it gave no hint whether it would be willing to offer an added subsidy.

"At this stage of the year the Commission gets a bit cautious," said a European government official.

The Commission has shown before that it is willing to clamp down on exports to meet budget constraints. In July last year it limited cereals export authorisations to 1.6m tonnes for the July-September period because of scarce funds.

Salesmen face racketeering charges

SIXTEEN FORMER employees of a defunct Boston-based commodities trading house have been indicted on charges that they used high-pressure techniques to tempt unwary investors into the highly volatile commodities markets, reports Reuter from Chicago.

The indictments charged that former employees of First Commodity Corporation of Boston talked 2,600 customers into investing $40.6m, of which $22.7m was allegedly lost in bad trades and excessive fees.

Mr Anton Valukis, the prosecutor, said the salesman misled "unsophisticated investors" into buying commodities contracts, promising big profits – sometimes as much as 1,000 per cent – by claiming, "all my customers are making money."

"Everyone was in fact losing money," Valukis told a news conference.

He estimated that up to 40,000 customers might have invested $600m at First Commodity between 1980 and 1987, the period covered by the investigation, although he did not know how much was lost.

In addition to the 16 indicted, two other former employees have pleaded guilty and are co-operating with authorities in a continuing investigation at former First Commodity offices in Boston, Miami, San Francisco, Los Angeles and New York.

The defendants, charged with up to 187 counts of racketeering, mail and wire fraud, face up to 20 years in prison on each racketeering charge and five years for mail and wire fraud. They also face heavy fines.

First Commodity grew in the 1970s into one of the leading US commodity futures trading houses. But in 1987 the firm, facing a mountain of investor lawsuits and investigations, was sold to another company, which eventually closed.

The indictments seek forfeiture of $5.7m dollars in profits from the alleged scheme.

Soviet deal angers Peruvian fishermen

By Veronica Baruffati in Lima

A MAJOR row has blown up in Peru, following the signing of a three-year fishing agreement involving the Ministry of Fisheries, Pluton, a hitherto unknown private fishing enterprise, and the Government of the Soviet Union.

The agreement, signed on December 6, authorises 20 Soviet factory trawlers to operate within Peruvian waters from January 1, 1989.

Under the contract, the Soviets are allowed to catch up to 400,000 tonnes of fish a year, of which 17.5 per cent must be allocated to EPSEP, the state food fish company. Sevriba, the Soviet counterpart, is allowed to keep the remaining 82.5 per cent.

Peruvian fishing companies are up in arms about the deal. In particular, they have condemned the attitude of Mr Romulo Leon Alegria, the Minister of Fisheries, who said that "the Peruvian fishing industry allows our fish to die of old age in Peruvian waters."

Mr Leon complained that private fishing companies would not operate in coastal waters and that, rather than let the fish go to waste, he signed the contract with the Soviets. The state fishing fleet is practically paralysed because of lack of finance to repair the few trawlers they own.

Mr Alfredo Hohagen, the president of the National Fishing Society, has demanded a public inquiry.

"The existence of the Pluton fishing company is new to us Peruvian fishermen," he said. "Clarification should be made as to who is behind it all. . . I am not anti-Soviet, but I am anti-depredatory. The signing of this agreement would mean that in three years Peruvian waters would lose their biomass."

Adding to the confusion are conflicting decisions taken by judges in Lima and Paita, the large fishing port where Soviet trawlers are already anchored. The Paita judge suspended the agreement, whereas the Lima judge has given the go-ahead for the Soviets to start fishing.

There is a growing feeling that Mr Leon may have to resign because of the row, which has come at a bad time for the Government.

It is already embarrassed by a scandal involving Mr Remigio Morales Bermudez, the former Agriculture Minister, who has just been suspended from being active in the American Popular Revolutionary Alliance while investigations are carried out into irregularities in his importing of basic foodstuffs.

Ivorian deal adds to cocoa gloom

David Blackwell on the dismal outlook for talks starting today

THE CONTROVERSIAL deal between the Ivory Coast and Sucres et Denrees is not on the agenda for the International Cocoa Organisation (ICCO) talks which start in London today. But it seems certain to dominate this half-yearly session of the ICCO Council.

Sucden, the French trading house, confirmed a fortnight ago after months of rumour that it was buying 400,000 tonnes of cocoa from the Ivory Coast, the world's biggest producer. Half was for sale to end-users, with the other 200,000 tonnes going into storage in Europe for two years. The price Sucden paid is still not known.

Many consumers see the deal as final proof that the Ivory Coast has abandoned the international cocoa agreement, which is already in dire straits. Its annual meeting last September ended in failure, with two key issues unresolved – the level of prices which the organisation should be trying to defend, and the huge level of arrears in levies owed to the organisation.

Since then prices have fallen further – the ICCO defence range remains between 1,485 and 2,155 Special Drawing Rights a tonne, while the ICCO average indicator yesterday stood at 1071.01 SDRs. The level of arrears in the levies, which should be paid by both consuming and exporting countries on their imports and exports, has risen to about $75m.

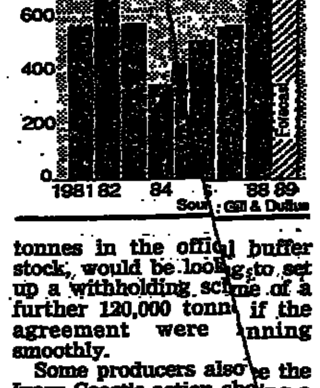
However, the Ivory Coast, which alone owes the ICCO more than $50m in levies, sees the terminal markets and speculators as the villains of the piece.

Yesterday Mr Rene Amani, managing director of the Caisse de Stabilisation (commodities marketing board), attacked speculators for playing the markets and talking about overproduction while at the same time offering to buy large quantities of Ivorian cocoa.

Ivorian cocoa is in great demand from Western end-users because of its top quality. But the Ivory Coast for most of last year refused to sell its cocoa for less than FFr 1,200 per 100 kilograms. This is well above terminal market prices, which have been at historic lows because of a huge and growing overhang in overall world stocks.

Consumers now accuse the Ivory Coast of unilaterally setting up its own buffer stock of 200,000 tonnes with the help of Sucden, to the disregard of the cocoa agreement.

The ICCO, which already holds the maximum 250,000



tonnes in the official buffer stock, would be looking to set up a withholding scheme of a further 120,000 tonnes if the agreement were running smoothly.

Some producers also see the Ivory Coast's action showing a lack of commitment to the agreement. But a Reuter report earlier this week quoted one Ivorian source saying that the country was trying to support prices by taking cocoa off the market. "We would like other producers to make the same effort. What we have done is not at all against the spirit of the accord," he said.

With such divergence of opinion, it is not surprising that no-one in the cocoa world believes that anything constructive will come out of the ICCO talks, which end on Friday week. "The Ivory Coast deal with Sucden will affect the whole climate of the talks," said one leading consumer delegate yesterday. "It is seen as a fairly robust indication that the Ivory Coast sees the solution to cocoa's problems outside the agreement."

The question of the price range to be defended, which is on the agenda again, appears academic. But there could be ructions over the levy arrears, which consumer countries want to see suspended. That would leave the ICCO without any income to cover the cost of maintaining the buffer stock, which it would be forced to start selling in October.

Meanwhile, the Ivory Coast deal, which is already being investigated by the European Commission, has caused some London trade houses to reduce their activities in the physical cocoa market, which trades 1m tonnes a year.

"We are not the only people cutting back," said Mr Jack Patterson, managing director yesterday, adding that the firm was keeping one cocoa trader.

Another trade house, confirming that it had trimmed its staff, said: "We are all feeling the pinch following the Sucden deal."

Indonesia urged to join coffee group

AFRICAN COFFEE producers have asked Indonesia to join a planned coffee producer group to counter what they see as discrimination within the International Coffee Organisation against producers of the coarser robusta beans, reports Reuter from Cipayung, Indonesia.

"Indonesia will study the proposal," said Dharyono Kertosastro, chairman of the Indonesian Coffee Exporters' Association, adding that he will meet the African producers in March. He suggested no venue, however.

Dharyono said he had already had informal talks with the Ivory Coast on the idea.

Indonesia, the world's third largest producer of coffee, most of which is robusta, has complained that many consumers and major producers in the ICO tend to make quota cuts which affect robusta producers but give priority to arabica coffee when prices rise.

"Indonesia would be seeking a 6.5 per cent share of the global quota at the ICO meeting in March, compared with 5.21 per cent in 1988-89," Dharyono said. The present International Cocoa Agreement, which expires in September, did not reflect objectivity in sharing quotas, he added.

He said Indonesia exported 7,100 tonnes of coffee in the first quarter of the 1988-89 (October-December) coffee year. He has previously said Indonesia would increase coffee exports to both quota and non-quota countries by up to 20 per cent in 1988-89.

Indonesia exported 270,580 tonnes of coffee in 1987-88, down from 297,314 in 1986-87. Production in the two years was 400,000 and 380,000 tonnes respectively.

Intriguing investment opportunities seen in forestry

By Bridget Bloom, Agriculture Correspondent

BRITAIN'S NEW forestry regulations, combined with the current agricultural depression, provides some intriguing new opportunities for investment in forestry ventures, a London seminar on forestry heard yesterday.

Mr Anthony Wyld, marketing executive of the Economic Forestry Group, which organised the seminar, said that thanks to the new government policy announced in the budget last March, forestry was undergoing some of the most dramatic changes in the post-war period.

Changes in the status of forestry, which has now been taken out of the tax system but endowed with enhanced grants, meant that the market in traditional upland for forest planting was virtually dormant.

However, there was much more interest in planting more marginal arable land with trees, particularly in areas like the Scottish and Welsh border with England or Aberdeenshire, where arable farmers have been under severe pressure recently.

Mr Wyld instanced a former arable farm of 200 hectares in Aberdeenshire, 90 per cent of which would now be planted with a mix of conifers and broadleaved trees by its new owner. The exercise was likely to prove very profitable, given the range of increased grants now applicable to such land. These included not only the woodland grant scheme but supplements for planting on better land as well as the annual so-called set-aside payments of £200 per ha for taking arable land out of production.

It was estimated that the new owner would net £30,000 from the grants, while he could make a total tax free capital gain after ten years of 260 per cent of his initial investment, not including any increase in land values or timber prices.

However, Mr Wyld admitted that such investments seemed likely to appeal to a relatively limited class of investors. Additionally, unless grants were increased or the price of upland land fell markedly, new plantings in these areas would be slight.

The forestry industry was shocked at the Government's decision last March to end the controversial tax incentives which had encouraged the very rich to invest in blanket conifer planting in Scotland, in particular. Such planting had been widely criticised by conservationists.

WORLD COMMODITIES PRICES

LONDON MARKETS

Copper and zinc prices retreated from their recent record levels on the London Metal Exchange yesterday after overnight news that talks between mine owners and the unions in Peru were making reasonable progress and would continue for the next few days. The Grade A copper three month price dropped £30 to £1,521.50 a tonne yesterday while three month High Grade zinc lost $10.50 to $1,677.50 a tonne. Analysts said the copper market would probably need to see some erosion of current LME warehouse stocks before substantial premiums for cash metal could be re-established. Zinc traded quietly although traders said the outcome of the latest US Mint tender on Tuesday was "constructive." Nickel was the only metal to advance on the LME yesterday. Traders said it was underpinned by inquiries from European merchants and consumers.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.95-5.00x	+.425
Brent Blend	$17.40-7.50w	+0.15
W.T.I. (1 pm est)	$18.05-8.10w	-0.05
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$172-175	+2
Gas Oil	$152-154	+4
Heavy Fuel Oil	$74-76	+2
Naphtha	$160-162	+4
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$402.25	
Silver (per troy oz)♣	591c	-2
Platinum (per troy oz)	$524.0	+2.75
Palladium (per troy oz)	$132.5	+0.25
Aluminium (free market)	$2365	-70
Copper (US Producer)	163½-65½c	+4½
Lead (US Producer)	41c	
Nickel (free market)	780c	+25
Tin (European free market)	£4260	+7.5
Tin (Kuala Lumpur market)	20.14r	+0.05
Tin (New York)	344.73c	+3.25
Zinc (US Prime Western)	74¼c	
Cattle (live weight)†	109.90p	-0.10*
Sheep (dead weight)†	148.64p	-4.17*
Pigs (live weight)†	77.44p	+3.82*
London daily sugar (raw)	$247.4x	-4.8
London daily sugar (white)	$274.0x	-6.0
Tate and Lyle export price	£248.5	-2.0
Barley (English feed)	£113.5	
Maize (US No. 3 yellow)	£132.5	
Wheat (US Dark Northern)	£123.5v	+0.5
Rubber (spot)♥	60.50p	-1.00
Rubber (Feb)♥	67.25p	-1.00
Rubber (Mar)♥	67.50p	-1.00
Rubber (KL RSS No 1 Feb)	303.5m	-2.0
Coconut oil (Philippines)§	$535x	+15
Palm Oil (Malaysian)§	$380u	
Copra (Philippines)§	$360	
Soyabeans (US)	$186	-2
Cotton "A" index	64.20c	+0.25
Woollops (64s Super)	670p	[illegible]

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Mar. w-Feb. v-Apr/May. u-Feb/Apr. q-Apr. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	792	792	795 781
May	802	798	805 790
Jul	810	808	812 798
Sep	815	815	816 804
Dec	837	837	838 825
Mar	848	845	846 837
May	868	860	863 850

Turnover: 9058 (5688) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 17: 1025.85 (1036.48): 10 day average for Jan 18: 1071.01 (1083.68).

COFFEE £/tonne

	Close	Previous	High/Low
Jan	1162	1155	1162 1135
Mar	1160	1155	1174 1141
May	1151	1146	1162 1130
Jly	1155	1144	1158 1130
Sep	1155	1135	1158 1130
Nov	1146	1145	1135 1130
Jan	1150	1135	1135

Turnover: 3462 (2667) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 17: Comp. daily 123.80 (122.90). 15 day average 130.51 (130.93).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Mar	223.80	221.80	224.80 221.00
May	226.20	224.60	227.60 223.60
Aug	223.20	221.60	222.00 220.00
Oct	219.00	217.60	218.80 216.80
Dec	215.40	216.00	214.00
Mar	214.00	212.60	213.00
White	**Close**	**Previous**	**High/Low**
Mar	270.00	268.50	271.50 267.50
May	267.00	265.00	268.00 264.00
Aug	267.00	264.50	265.00 263.60
Oct	261.00	259.50	262.00 258.50
Dec	256.00	258.50	
Mar	256.00	253.50	254.00 253.50

Turnover: Raw 3478 (7185) lots of 50 tonnes. White 2252 (2232).
Paris- White (FFr per tonne): Mar 1720, May 1695, Aug 1693, Oct 1650, Dec 1625, Mar 1610

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
2250	183	174	82	130
2350	97	129	85	182
2450	57	94	154	240
Copper (Grade A)	**Calls**		**Puts**	
3000	298	305	31	228
3200	226	219	116	336
3400	130	164	217	465

WOOL

AFTER TWO days of sharply rising prices in Australia it seems that the more urgent needs were covered by buyers over-committed. This week confirmed the steadier tone and wool prices are now gradually sliding back. There is no question of gains being entirely eroded at this stage however, and most prices are much higher than they were before Christmas. The rise at the end of December and into January did bring out some business but resistance set in more strongly when the Australian market took off. Easier prices have not been enough to offset this reluctance to buy. Top quotations in Bradford are down compared with their peaks last week, by as much as 20 – 30p on merino types most affected. The basis is around 670 p/kg for 64s super.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 10,125 tonne
Cash	2348-52	2390-400	2355	2362-5		
3 months	2316-20	2356-8	2356/2310	2322-5	2320-2	22,877 lots
Copper, Grade A (£ per tonne)						Ring turnover 38,100 tonne
Cash	1930-2	1950-5	1925	1934-5		
3 months	1521-2	1551-2	1553/1521	1529-40	1523-4	88,511 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	585-8	587-90		593-5		
3 months	599-602	602-5		605-8		431 lots
Lead (£ per tonne)						Ring turnover 8,225 tonne
Cash	370-2	374-6	372/371.5	373-3		
3 months	375-6	378-9	378/375	376.5-8.75	376-7	9,743 lots
Nickel ($ per tonne)						Ring turnover 1,632 tonne
Cash	17250-300	17000-200	17400/17250	17400-500		
3 months	16700-50	16500-600	16750/16600	16575-600	16600-50	5,810 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 2,500 tonne
Cash	1740-5	1745-55	1755/1735	1750-5		
3 months	1710-5	1705-10		1715-20	1710-20	2,877 lots
Zinc ($ per tonne)						Ring turnover 9,500 tonne
Cash	1715-30	1705-15	1719	1718-20		
3 months	1675-80	1745-55	1680/1675	1676-7	1675-80	12,005 lots

POTATOES £/tonne

	Close	Previous	High/Low
Apr	70.4	73.0	71.6 70.3
May	81.0	83.9	82.5 81.0

Turnover 325 (610) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	165.00		165.00
Apr	165.50	167.70	166.00 165.00
Jun	160.00	161.00	159.00

Turnover 474 (300) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Jan	1636	1642	1640 1630
Apr	1654	1668	1656 1646
Jul	1474	1476	1479 1468
Oct	1484	1475	1485 1482
Jan	1583	1586	1585 1580
Apr	1593	1595	1593 1580
BFI	1660	1643	

Turnover 1049 (868)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Jan	112.65	112.80	112.75 112.50
Mar	114.90	115.00	115.20 114.75
May	118.00	118.20	118.35 117.95
Jul	119.40	119.50	119.80 119.40
Sep	102.25	102.25	102.50 102.20
Nov	105.10	104.75	105.10 105.00
Jan	108.25	108.00	108.25 108.25
Barley	**Close**	**Previous**	**High/Low**
Jan	109.40	109.00	109.40 109.15
Mar	111.75	111.50	111.90 111.75
May	114.00	113.90	114.10 114.00
Sep	100.20	100.20	100.20

Turnover: Wheat 243 (144), Barley 80 (130). Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	402-402½	228-228½
Opening	403-403½	228¼-228¾
Morning fix	402.55	228.809
Afternoon fix	402.50	227.273
Day's high	403¼-404	
Day's low	400½-401	
Coins	**$ price**	**£ equivalent**
Maple leaf	414-419	235-238
Britannia	414-419	235-238
US Eagle	414-419	235-238
Angel	414-419	235-238
Krugerrand	401-404	227½-229½
New Sov.	94½-95½	53½-54¼
Old Sov.	94½-95½	53½-54¼
Noble Plat	530.85-539.70	300.60-305.60

Silver fix	p/fine oz	US cts equiv
Spot	336.95	593.50
3 months	347.45	607.50
6 months	357.70	621.40
12 months	379.15	652.10

CRUDE OIL $/barrel

	Close	Previous	High/Low
Mar	16.73	16.43	16.74 16.52
Apr	16.45	16.04	16.46 16.15
IPE Index	16.46	16.21	

Turnover: 4709 (3661)

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	151.75	149.00	151.75 148.25
Mar	149.50	144.75	149.50 145.50
Apr	144.50	141.50	144.00 142.00
May	141.00	139.00	141.00 139.00
Jun	138.50	136.00	138.50 136.00
Jul	138.00	136.75	138.00 136.50

Turnover: 6832 (6071) lots of 100 tonnes

US MARKETS

DESPITE a larger than expected U.S. trade figure, the metal markets remained lower due mostly to a rally in the dollar, reports Drexel Burnham Lambert. Copper futures had the biggest decline as heavy profit taking dropped prices nearly 200 points in March. In the softs, cocoa futures gained 37 on mostly trade activity. The Ivory Coast announced some of the bids that have been made on its excess cocoa. Coffee trading was quiet with consolidation taking place. The grains featured commercial buying in the deferred months of the wheat. The soy complex firmed late in the session, correcting its oversold condition. Maize futures also rebounded on commercial activity. In the meats, weak pork fundamentals and lower cash markets sparked commission house stops and long liquidation in the belly and hog futures. Retail demand has been less than expected and the resulting storage was also noted. Cattle prices also sank following pressure from the other pits. The energy market saw higher with crude prices advancing over 50 cents. Technical buying by trade and local participants kept the market strong.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Jan	402.7	402.7	0 0
Feb	403.3	404.0	408.2 401.6
Apr	408.7	408.5	0 0
Jun	413.1	410.1	410.4 408.5
Aug	413.3	414.3	413.5 411.2
Oct	418.7	418.3	418.5 416.0
Dec	424.3	423.3	425.3 421.8
Feb	428.8	428.9	0 0
Apr	433.6	434.0	0 0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Jan	525.6	522.5	527.5 522.0
Apr	529.7	525.3	530.5 519.0
Jul	525.8	522.3	528.0 521.5
Oct	529.0	526.5	528.0 523.0
Jan	533.6	526.3	0 0
Apr	535.3	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Jan	590.5	594.4	0 0
Feb	593.7	595.7	0 0
Mar	597.0	601.0	603.5 595.5
May	607.3	611.2	612.0 605.5
Jul	617.8	621.8	624.5 615.5
Sep	628.2	632.2	630.0 625.5
Dec	643.5	647.6	648.0 640.0
Jan	647.7	651.7	0 0
Mar	658.2	662.2	658.0 655.0
May	668.4	672.5	0 0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Jan	155.35	158.70	155.35 155.10
Feb	151.85	153.80	0 0
Mar	146.85	148.80	148.90 144.80
May	133.50	136.80	135.90 134.00
Jul	128.70	130.60	130.50 127.50
Sep	124.00	125.80	125.00 124.00
Dec	121.70	122.00	122.00 120.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low
Feb	19.14	18.95	19.25 18.82
Mar	18.38	18.06	18.40 18.16
May	17.69	17.21	17.71 17.30
Jun	17.46	16.99	17.47 17.10
Jul	17.25	16.85	17.35 16.92
Aug	17.12	16.74	17.25 16.82
Sep	17.02	16.63	17.11 16.85
Oct	16.95	16.59	17.04 16.60

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low
Feb	5380	5305	5390 5315
Mar	5195	5105	5200 5130
Apr	4875	4815	4870 4800
May	4760	4623	4780 4605
Jun	4660	4523	4660 4570
Jul	4615	4470	4620 4525
Aug	4640	4533	4650 4570
Sep	4700	4668	4700 4700

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
Mar	1351	1314	1358 1301
May	1332	1305	1335 1295
Jul	1331	1304	1331 1294
Sep	1338	1315	1340 1305
Dec	1343	1315	1343 1312
Mar	1363	1340	1360 1325
May	1382	1375	0 0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Mar	140.20	142.88	142.75 139.70
May	136.50	136.50	136.90 135.50
Jul	135.44	135.93	135.85 135.20
Sep	134.00	133.40	134.00 133.75
Dec	131.75	131.96	131.75 [illegible]
Mar	129.50	131.50	0 0
May	128.60	130.00	0 0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
Mar	9.88	9.51	9.92 9.77
May	9.56	9.64	10.03 9.50
Jul	9.64	9.76	9.82 9.75
Oct	9.56	9.57	9.60 9.51
Jan	9.25	9.25	0 0
Mar	9.41	9.35	9.40 9.25
May	9.40	9.36	0 0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
Mar	59.98	60.24	60.27 59.65
May	60.00	60.24	60.30 60.00
Jul	60.01	60.38	60.43 60.00
Oct	59.90	59.15	59.40 59.00
Dec	59.00	58.80	59.00 58.68
Mar	59.90	59.40	0 0
May	60.05	59.70	0 0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
Jan	147.70	149.50	148.00 148.00
Mar	147.95	147.85	148.00 146.00
May	146.80	146.70	146.90 145.50
Jul	145.80	145.00	145.80 145.00
Sep	143.50	144.20	144.00 144.00
Nov	143.50	143.70	143.90 144.00
Jan	143.50	143.25	0 0
Mar	143.50	143.25	0 0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 17	Jan 16	mnth ago	yr ago
1894.8	1891.0	1905.5	1724.0

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	140.38	139.77	138.03	133.79
Futures	143.81	143.96	142.57	136.31

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Jan	781/6	781/6	784/0 745/0
Mar	771/0	770/6	775/0 755/4
May	782/4	781/0	787/0 765/4
Jul	789/2	781/0	790/0 770/0
Aug	758/0	745/0	750/0 738/0
Sep	721/0	715/0	720/0 705/0
Nov	720/4	720/4	724/0 [illegible]
Jan	740/0	732/0	741/0 [illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Jan	21.89	21.44	21.83 21.31
Mar	22.05	21.74	22.25 21.83
May	22.43	22.27	22.70 22.15
Jul	22.55	22.45	22.87 22.32
Aug	22.70	22.60	22.90 22.55
Sep	22.75	22.67	22.90 22.65
Oct	[illegible]	22.45	23.10 [illegible]
Dec	23.00	22.85	23.10 22.85
Jan	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Feb	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Feb	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low
Feb	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Equities close at post-Crash peak

THE LONDON stock market surged through its previous post-Crash closing peak yesterday, brushing off a mid-session pause which followed news of an increased monthly deficit on US trade. UK equities closed very strongly as a firm dollar and an early recovery on Wall Street, brought US demand for the international blue chips.

The FT-SE Index closed at the day's high, with a gain of 24.4 to 1892.1 putting it on a par with the post-Crash trading peak reached during June 23 last year, and leaving well behind the comparable closing peak of 1879.3 of June 22.

For the chart analysts of the London market, yesterday's surge in returning to post-Crash territory is seen as a possible signal for a further significant advance. Some traders were more cautious, however, commenting that yesterday's performance, which saw the early gain in the Footsie nearly halved in the wake of the US trade figures, was influenced by technical factors, such as the shortage of stock. Trading in share options was also heavy.

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Dec 28	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20

*New time dealings may take place from 9.00 am two business days earlier.

Equity turnover was high, with Seaq volume at 606.2m shares against 425.2m on Tuesday. "It was the heavyweight blue chips that made the running", commented one experienced dealer in international stocks. "Most of the speculative stocks were sidelined, for a change".

The market opened strongly and was showing a gain of more than 22 FT-SE points when the announcement of a US November trade deficit of $12.51bn – substantially above London predictions – flashed across the trading screens. With US bonds and the dollar uncertain for a while, UK equities cooled off. However, the market swung higher again with a vengeance towards the official close. The final minutes saw Glaxo, BAT Industries, Grand Metropolitan and ICI all continuing to bound ahead.

As the curtain came down on a stimulating trading session, dealers began to assess the state of the market. Several commented that the UK funds still remained relatively cool towards London equities. UK shares were driven ahead last week by substantial support from overseas funds which had seen their own domestic markets leave London behind.

This has aggravated the squeeze on market makers, who had squared their trading books at New Year. They now fear that domestic institutions will follow the overseas funds into the London market.

Domestic investors are still cautious ahead of further significant tests for UK equities this week. Today brings data on average earnings, unit wage costs, industrial production and unemployment, all important factors in the outlook for domestic interest rates and inflation, while tomorrow brings the latest retail Price Index and money supply and bank lending figures.

FINANCIAL TIMES STOCK INDICES

	Jan. 18	Jan. 17	Jan. 16	Jan. 13	Jan. 12	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	87.64	87.54	87.62	87.01	87.05	88.35	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.71	95.53	95.53	95.61	95.55	94.51	96.67 (25/5/88)	94.14 (9/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1540.0	1521.3	1525.1	1519.7	1511.9	1409.2	1540.0 (18/1/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	162.6	164.6	165.4	163.9	163.8	281.3	312.5 (7/1/88)	160.7 (3/1/89)	734.7 (15/2/83)	43.5 (26/10/71)

Ord. Div. Yield	4.76	4.82	4.80	4.81	4.84	4.43
Earning Yld %(full)	11.96	12.12	12.07	12.10	12.16	11.11
P/E Ratio(Net)(*)	10.11	9.95	10.02	9.99	9.94	11.03
SEAQ Bargains(5pm)	26,527	25,801	29,812	34,623	28,073	23,303
Equity Turnover(£m)†	-	982.41	1262.72	1570.33	1831.66	983.65
Equity Bargains†	-	28,687	33,101	37,737	31,647	25,455
Shares Traded (ml)†	-	434.5	504.8	727.8	745.9	421.3

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1524.6	1529.8	1534.4	1537.7	1538.5	1534.5	1532.0	1532.3

DAY'S HIGH 1540.0 DAY'S LOW 1524.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. SE Activity 1974. *Nil 10.05 †Excluding intra-market business.

S.E. ACTIVITY

Indices	Jan 17	Jan 16
Gilt Edged Bargains	121.6	119.6
Equity Bargains	187.8	214.5
Equity Value	1985.7	2352.3
5-Day average		
Gilt Edged Bargains	106.5	102.9
Equity Bargains	209.7	210.2
Equity Value	2761.3	2681.1

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	4,100	142	+1
Allied-Lyons	1,500	459	-
Amstrad	4,200	154	-3½
Argyll Group	1,600	178	+1
As. Brit. Foods	344	328	-1
BAA	1,473	281	+2
BAT	5,770	484½	+15½
BET	6,100	232	+5
BICC	680	407	+4
BOC	773	434	+3½
BPB Inds.	4,400	248	+8
BTR	5,300	315	+2½
Barclays	2,200	436	+7
Bass	822	879	+14
Beazer	1,700	190½	+6
Beecham	3,995	507	+8½
Blue Arrow	1,900	88½	+1
Blue Circle	1,400	466	+6
Boots	4,150	236	+2½
British Airways	2,900	172	-1
Brit. Aerospace	1,000	475	+1
Brit & Comm.	2,100	225	+1
British Gas	11,950	164½	
British Land	377	344	
BP	6,300	259	+2
British Steel	45,900	65¼	
British Telecom	4,300	273	+6½
Burmah Oil	407	498	+3½
Burton	5,500	186	+7
Cable & Wireless	2,500	385	+9
Cadbury Schweppes	682	346	+2
Coats Viyella	2,700	158½	+4½
Commercial Union	761	356	+2½
Cons. Gold Fields	795	1269	+15
Cookson	2,800	282	+10
Courtaulds	1,900	285½	+3½
Dalgety	2,100	321	+6
Dixons	2,500	136	+1
Eng. China Clays	1,000	468	+3
Enterprise Oil	1,300	524	+14
FKI Babcock	1,200	131	-1
Fisons	7,150	254	+6½
Gateway Corp.	6,700	173	-2½
General Accident	1,100	898	+7½
General Elect.	3,900	212	
Glaxo	1,775	1081	+22
Globe Inv.	439	148	+2
Glynwed Int.	1,000	289	+7
Granada	3,300	344	
Grand Met.	14,840	465	+13
GUS A	587	983	+5
GRE	2,000	189	+2
GKN	859	314	+1
Guinness	5,947	353	+10
Hammerson 'A'	1,900	888	+5
Hanson	21,000	158½	+1
Harrisons & Cros.	20	660	
Hawker Siddeley	804	569	+6
Hillsdown Hldgs.	6,000	233½	+5½
IMI	995	196	+1
Imp. Chem.	1,900	1069	+6
Inchcape	1,600	214	+3
Jaguar	2,300	281	+5
Ladbroke	2,800	462	+28
Land Securities	2,000	577	+11
Laporte	49	387	+1
Legal & General	1,300	302½	+3½
Lloyds Bank	2,400	348	+9
LASMO	1,400	494	+1
Lonrho	367	338	
Lucas	1,300	563	+10
MB Group	8,300	280	+3½
MEPC	1,100	546	+3
Marks & Spencer	5,400	158½	+4½
Maxwell Comm.	1,200	191½	+1½
Midland Bank	218	434	+5
Nat. West. Bank	2,100	559	+7
Next	5,100	141	+2
Northern Foods	1,600	288	+5
Pearson	612	669	+6
Pearl	136	424	+2
P & O	976	588	+12
Pilkington	8,300	227	
Plessey	2,300	228	-1
Polly Peck	1,600	286	+4
Prudential	4,600	159	+3
Racal	2,700	303	+5
Rank Org.	686	749	+14
RMC	675	532	+3
RHM	2,600	379	+1
Reckitt & Colman	407	948	+3
Redland	996	447	+5
Reed International	678	387	+5
Reuters 'B'	1,800	568	+3
RTZ	1,500	472	+6
Rolls Royce	4,155	146	+2½
Rothmans	453	436	+4
Royal Bk. of Scotland	89	371	+2
Royal Insurance	228	407	+4
STC	1,700	289	+6
Saatchi & Saatchi	1,200	356	+9
Sainsbury	2,200	210	+1
Scott & Newcastle	1,350	399	-1
Sears	6,500	116	+3
Shell Transport	3,200	354	+2
Siebe	251	421	+4
Slough Ests	189	318	+3
Smith & Nephew	5,434	127	+2
Standard Chartd.	1,400	521	+3
Storehouse	4,100	195	
Sun Alliance	354	1012	+5
T&N	1,800	174	+1
TSB	4,000	112½	+2
Tarmac	3,000	258	+9
Tate & Lyle	549	1082	+19
Tesco	2,000	146	+2
THORN EMI	145	650	+3
Trafalgar House	5,500	316	+3
Trusthouse Forte	2,800	265	+4
Ultramar	2,500	296	-1
Unilever	947	485	+4
United Biscuits	1,900	307	
Utd. Newspapers	772	381	
Wellcome	656	449	+3
Whitbread 'A'	2,000	317	-1
Williams Hldgs	2,000	239½	-5½
Wimpey	3,300	296	+7
Woolworth Hldgs	2,200	265	+6

Glaxo back on course

Bears of Glaxo ran for cover as Dr Arnab Banerji, pharmaceuticals analyst at Nomura Securities, dismissed stories about a Swedish rival to Zantac, Glaxo's highly successful anti-ulcer drug, and urged clients to buy the shares of the UK group. Reversing the fall of the past week, Glaxo jumped 22 to 1081p. Turnover in the shares fell just short of 2m.

The Nomura analyst comments that Losec, Astra's product, appears to be no more than equally effective as Zantac on normal dosage, but has been criticised for its side effects. The Losec story held Glaxo shares back during last week's upturn in the market, and renewed support from Nomura, one of the stock's earliest champions, caught market traders on the wrong foot yesterday.

GEC mark time

There were stories circulating in the electronics market that news of a possible involvement by AT & T in a Metsun-led consortium could well be imminent. But the absence of any hard news yesterday was interpreted as bearish for the Lazards-instigated group of possible bidders for GEC.

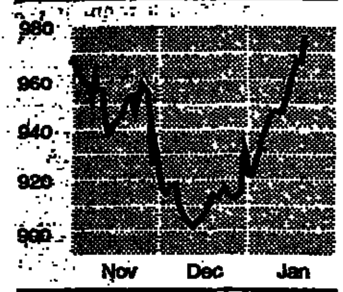
One electronics analyst, commenting on the possibilities of a consortium bid for the UK's biggest electronics group said "the Metsun argument diminishes with every passing day. It just becomes more unconvincing". GEC, 212p, were unaltered at the close on turnover of 3.9m, while Plessey were a fraction easier at 228p after 2.3m.

MB recognition

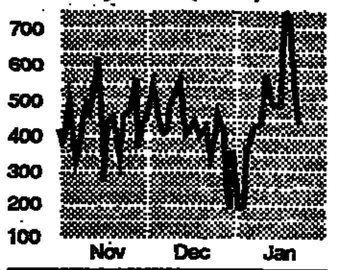
Speculation of an Australian offer continued to swirl round MB Group which also found itself named as one of several rumoured predators for DRG. A large trade business (8.4m shares) developed but a more likely reason for the market activity was growing recognition of the proposed deal with Carnaud.

"This is eminently sensible for both parties" says Mr Mike Murphy of Warburg Securities. "It gives the new group, CMB, a leading position in the European packaging industry. It will also provide a solid platform for exploiting numerous global opportunities that are likely to emerge over the next few years. I see CMB as the BTR of the packaging world. For MB it will have a share of an exciting company as well as substantial cash resources,"

FT-A All-Share Index



Equity Shares Traded



continued Mr Murphy.

MB shares, a good market for several days, went to 283p before closing 3½ up on balance at 280p. Those of DRG rose 13 to 463p.

Sparkling Lookers

Lookers, the northern motor dealers, produced sparkling annual figures yesterday only hours after Tuesday's surprise disclosure that rival car trader, T Cowie, owned a 7.25 per cent stake. The effects of the 53 per cent jump in profits and substantially increased dividend, coupled with the taste of takeover speculation, were quite dramatic and pushed the shares 15 higher to 172p.

Lookers has a major shareholder in Woodchester Investments, the Irish-based subsidiary of British & Commonwealth, which holds 29.84 per cent of the equity. Woodchester has given an undertaking not to increase the stake, but that agreement expires in July.

The international blue chips led the market forward yesterday, fuelled by strong demand from the US as the dollar continued to move higher. Cookson (282p) stood out strongly. A gain of 15 took Consolidated Gold Fields to 1269p, as the news that the Monopolies and Mergers Commission expects to meet the Monday deadline for its report on the Minorco bid was read as an indication of a favourable outcome.

The oil and gas sector enjoyed a day of much improved turnover. British Gas made rapid progress, closing 3 higher at 162½p on a heavier than normal turnover of 12m shares - "the shares are tracking the market today after being left behind," one dealer observed. The BZW "switch from Shell to BP" recommendation gave a boost to the two classes of BP stock with the old finally up 2 to 259p on 6.1m shares, and the new up 3 at 157½p on 7.7m shares. Shell were a fraction ahead at 354p on turnover of 3.2m.

There were whispers in the market that takeover action could well be about to erupt in Ultramar where big buying of the shares before Christmas led to talk of a bid battle between US and Canadian interests. The US group Atlantic Richfield is thought to be anxious to boost its UK interests via a possible bid for Ultramar. Sir Ron Brierley holds a near 13 per cent stake in Ultramar, while two Canadian companies allied with Banque Paribas have a near 5 per cent joint holding. Ultramar were a shade easier at 296p on volume of 2¼m shares.

In the life assurance sector Sun Life edged up to 980p after confirmation that French group UAP had been back into the market to increase its shareholding from around 18.2 per cent to 19.16 per cent. The recent news of FAI's increased stake in Pearl, now 13 per cent, saw Pearl stock improve further to 424p.

Leading issues in the building and construction areas took another stride forward with dealers reporting keen and persistent buying throughout a busy session. BPB finally shrugged aside worries over a price cutting war in the plasterboard business and picked up strongly to close 8 higher at 240p with talk in the market that one of BPB's overseas competitors possibly picking up a small share stake in the UK group. Redland revived with a 5 gain at 447p. Tarmac jumped 9 to 258p after BZW, the securities group, upgraded its profits forecasts for the group; BZW is going for pre-tax profits of £370m for 1988, up from £355m, and for £450m for 1989, up from £420m.

George Wimpey, one of the longest-running bid targets in the sector, moved up 7 to 296p, above the previous resistance level of 295p; one analyst, describing the ever-present support for the stock, said: "These shares simply won't lie down and they have now moved through the previous area where there was plenty of selling pressure. Perhaps we will at last see some action on the Grove Charity Trust's 35 per cent stake.

Storehouse, steady at 195p in volume of 4.1m shares, lagged behind the stores sector on the news that Sir Terence Conran, Storehouse chairman, has again refused to meet with Mr Asher Edelman, the US arbitrageur who holds a 5.6 per cent in the UK retailing group.

Do-it-yourself concern Wickes were a particularly good market, buoyed by reports of healthy sales at diy outlets throughout the UK. Marketmakers also said that the rise in Wickes was partly a technical reaction to recent over-selling, and the shares closed 11 higher at 577p.

Burton, 7 better at 186p, benefited from reports of investors switching into the stock out of Storehouse, while late demand lifted Ward White 5 to 189p, with the diy factor again in play.

Apart from GEC/Plessey the rest of the electronics and telecoms arena was enlivened by plenty of action. British Telecom made rapid progress, adding 6½ at 273p with 4.3m shares changing hands. Dealers described the buying interest in Telecom as "good, solid long-term stuff". Cable & Wireless jumped 9 to 385p, Racal Electronic 5 to 303p and Racal Telecoms 5 to 298p.

Software group Logica was among the market's outstanding performers, with the shares chased up to 382p, up 24 on the day, amid market speculation that a bid from Olivetti, the Italian group could be on the way. There was also talk that French group Cap Gemini Sogetti could well be interested in unloading its near 30 per cent stake in another UK software group, Sema, and launching an offer for Logica.

Amstrad, down 3½ at 154p, continued to suffer from the downgradings and "sell" notices issued by BZW and County NatWest, two of the most influential of the UK securities houses.

Apricot Computer, hit on Tuesday by the resignation of the finance director, slumped 12 more to 7lp, a two-day fall of 25, after the company revealed that current year profits are "unlikely to reach the £8.2m pre-tax achieved last year".

AB Electronic shares raced up 17 to 386p with one particular US house said to have been a keen supporter of the shares.

Gateway were again busily traded after Tuesday's talk of an imminent bid, but sustained profit-taking saw the shares slip 2¼ to 173p on turnover of 6.7m shares. William Low were lifted 8 to 264p by speculation that New Zealand financier Mr Ron Brierley has added to his 8.8 per cent stake in preparation for a full bid.

The news that Australian food group Goodman Fielder was not planning a bid depressed Ranks Hovis McDougall (RHM), which edged just a penny higher to 379p in light trading.

Brewers were firm with the wider market, while among Hotel stocks Grand Met rose 13 to 465p after a bullish presentation hosted by brokers Smith New Court on Tuesday night. Ladbroke advanced 18 to 462p with dealers expecting its higher bid (worth £185.7m) for Thompson T-Line to fail.

Most of the popular engineering stocks prospered with Hawker Siddeley, currently the leading choice of many fund managers, gaining 6 to 569p; the close was only 5 short of the 1988/9 high point. Glynwed, another to find favour with institutional and other buyers, rose 7 further to 289p while TI advanced 5 to 392p and Rolls-Royce 2¼ more to 146p. The much publicised raid failed to materialise on Camford but the shares moved higher to 229p, up 5, on expectations that major stockholder Markheath Securities would raise its holding from the present 21 per cent level.

Jacksons Bourne End (JBE) ran into persistent support following a newspaper story of sharply increased rents for office space adjoining its Marlow, Buckinghamshire, development. This could lead to a massive rise in its NBE net asset value, so the article said, and the shares shot up 15 to 103p.

The miscellaneous industrial sector also had strong features in Macarthy, up 24 to 277p, Evered, 10 higher at 125p, Henry Boot, 15 dearer at 339p, and Keep Trust, which rose 19 to 310p.

The news that US investment house Goldman Sachs had acquired a 1.1 per cent stake in Hammerson proved an intriguing development as Rodamco's bid for the UK property group nears its climax. Goldmans' London operation only started making a market in Hammerson shares on Monday, and other dealers reported that the US house immediately went on the bid for the stock. This sparked speculation that Goldmans was buying on behalf of a North American client.

The name widely mentioned was Olympia & York, the Canadian property group which is currently raising C$2.5bn from a syndicated bank loan and private funding. However, sources close to Olympia said that the money being raised had nothing to do with Hammerson, and there was no bid planned for the UK group. Both forms of Hammerson stock closed 5 better, the ordinary at 953p and the "A" at 888p. Stanhope, which was mentioned as a possible partner for Olympia in a bid for Hammerson, gained 3 at 200p.

Persistent institutional and other support, including overseas inquiry occasioned by the currency factor, boosted BAT Industries. The shares rose to their best level for over a year, settling 15½ higher at 484½p after turnover of 5.8m.

British Petroleum took honours in traded options with 5,277 contracts, made up of 3,252 and 2,025 puts, but was left in the shade by both overall turnover of 59,359 contracts and, more particularly, 16,149 contracts in the FT-SE 100 index, lying in 16,149 calls and 5,004 puts. On the overall split, there were 36,805 calls and 22,554 puts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 23

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (88).
BRITISH FUNDS (1) Treas. 3pc '89. AMERICANS (1) RJR-Nabisco, CANADIANS (2) Rio Algom, Royal Bk. Can., BANKS (6) Bank Scot. 9¼pc Irr. Pf., Lloyds, Mitsubishi, Rothschild, Anglo Leasing, BREWERS (2) Clark (M.), Highland Dists., [illegible] ELECTRICALS [illegible] FOODS (1) Low (W), HOTELS (1) Jarvis, INDUSTRIALS [illegible] Huntingdon Int., Vardon Hldgs., Jardine Strategic, Marling Ind., Oxford & Mead, [illegible] INSURANCE (1) Trade Indemnity, LEISURE [illegible] Fairline Boats, Grampian TV 'A', Harrison, Miss World, Slater TV, MOTORS (1) Alexanders, NEWSPAPERS (3) Black (A.& C.), Blenheim Exhibits, Gardner D.C., PAPERS (2) Saatchi 6¾pc 2003, U.K. Paper, PROPERTY (2) Bredero Props., HK Land, TOBACCOS (1) BAT Inds., TRUSTS (49) OILS (2) NZ Oil & Gas, Woodside, PLANTATIONS (1) Anglo-East, MINES [illegible]

NEW LOWS [illegible]. CANADIANS [illegible] ELECTRICALS (1) Apricot Comp., [illegible] (3) Elsburg, Eastvaal, Jolie Mines, Stin. Goldfields, Cons. Murch.

APPOINTMENTS

BAe restructures

Major changes in the management and overall structure of the commercial aircraft manufacturing side of BRITISH AEROSPACE become effective February 1, designed to streamline the company and make it a more profitable contender in the increasingly competitive world marketplace, *writes Michael Donne, Aerospace Correspondent.*

British Aerospace (Commercial Aircraft) has been formed as a company in its own right in the group, with Mr Sydney Gillibrand as chairman and Dr Maurice Dixon as managing director.

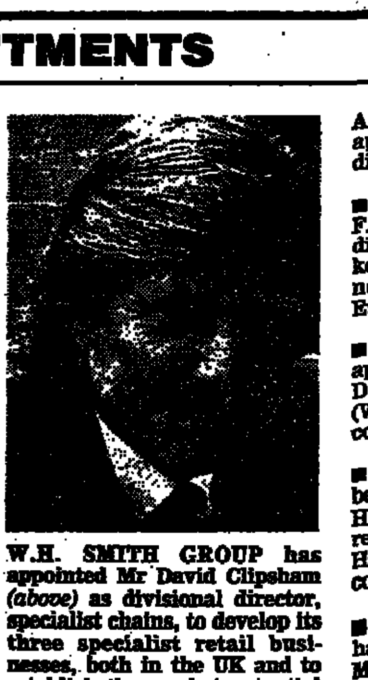
This company has established three divisions, each with its own managing director. They are: Airbus division, based on Filton and Chester, under Mr R M McKinlay, building the wings for all the European Airbuses; Airlines division, based on Hatfield, Woodford and Chadderton (Manchester), and Prestwick, under Mr Charles Masefield, with three types, the 146 four-engined regional jet airliner (of which 150 have now been sold), the twin-engined turbo-prop Jetstream (of which a new 29-passenger version is being studied) and the twin-engined advanced turbo-prop airliner; and Corporate Aircraft division, at Chester (with the managing director yet to be appointed), building the Type 125 business jet, of which over 730 have been sold.

■ SUN LIFE GROUP has appointed Ms Vivienne A. Blackwell, Ms Pamela Chan and Mr Tim J. Palmer as fund managers and associate directors of Sun Life Investment Management Services.

■ Mr Tim Ferguson has been appointed managing director, for international equities, for COUNTY NATWEST from February 1. He is returning to London from Tokyo, but will remain managing director of County NatWest Securities Japan. Mr Ritsuo Sakihama will become branch manager of County NatWest's investment banking in Tokyo.

■ ISA INTERNATIONAL has set up a new operating board. Mr Philip Wood, formerly group marketing services manager, has joined the board. The other members are ISA's executive directors. Mr Wood has also been appointed divisional director of Computer Supplies Company, acquired in September 1988.

■ Mr Travis White has been appointed to the new position of vice president of operations for LSI LOGIC EUROPE. He was formerly in charge of the LSI manufacturing facility in Fremont, California.



W.H. SMITH GROUP has appointed Mr David Clipsham (*above*) as divisional director, specialist chains, to develop its three specialist retail businesses, both in the UK and to establish the market potential in North America. He will be chairman of the three chains in the UK which are Our Price Music, Sherratt & Hughes, and Paperchase. Mr Clipsham was managing director of Our Price Music.

Arthur White has been appointed deputy managing director of Evertaut.

■ Mr Julian Head has joined FABER-CASTELL as managing director. He was formerly marketing manager in the stationery division of Gillette Europe.

■ Mr Brent Mundy has been appointed a director at RENDEL PALMER & TRITTON (WALES), a High-Point Rendel company.

■ Mr Philip Seabrook has become finance director of the HALMA safety division. He remains commercial director at Halma Group subsidiary Crowcon Instruments.

■ Mr Sebastian Chamberlain has been made a director and Mr David Merrifield an assistant director of GREENWELL MONTAGU STOCKBROKERS, the private client stockbroking subsidiary of Midland Group.

■ Mr Mike Beard has been appointed a director of corporate communications at TAYLOR WOODROW and will become a director of Taylor Woodrow Services. He was previously director of corporate communications at Delta.

■ Mr John Waites has become group finance director of MOLYNEUX HOLDINGS. He was a senior manager in the corporate finance group of Arthur Andersen & Co.

■ Mr C.A. Fry and Mr K.L. Barker have been made directors of LIT HOLDINGS following the acquisition of Johnson Fry. Mr Fry is chairman and joint managing director of Johnson Fry. Mr Barker is the other joint managing director.

■ Mr Bernard Walsh has been made chief executive at the WASSALL GROUP office furniture division and manager director of Hille Ergonom. Mr

BUSINESS LAW

Attack on excessive damages

By Leo Herzel and Daniel Harris

Mr Lloyd Crenshaw injured his leg while working on his car. Within two weeks it had to be amputated. His insurer, the Bankers Life and Casualty Company, refused to pay a $20,000 benefit for loss of limb due to accidental injury, claiming the amputation resulted from a previous degenerative disease.

Mr Crenshaw sued. A Mississippi jury decided Bankers Life should pay him not only the $20,000 but also punitive damages of $1.6m.

The case finally reached the US Supreme Court and was decided this past June. The court avoided the insurer's constitutional challenge to the punitive damage assessment on the ground that the constitutional arguments had not been properly presented in the lower courts.

The issue, however, will not go away. In December, the court agreed to hear another case challenging a punitive damage award as unconstitutionally excessive. The plaintiff in this case, Kelco Disposal Inc, claimed that a competitor, Browning-Ferris Industries Inc, had engaged in predatory pricing over a six-month period.

Even though Kelco had increased its market share over this time, the jury ordered Browning-Ferris to pay Kelco $51,000 in compensatory damages and $6m in punitive damages for wrongful interference with business relations under Vermont law. An alternative theory, treble damages under the federal anti-trust laws, is dwarfed by this judgment.[1]

Once rare, explicit, large punitive damage awards have become commonplace. Along with inflated compensatory damages – which often include an undisclosed punitive factor – they are a major cause of rapidly increasing US litigation costs and insurance rates. In cases alleging business or intentional wrongs by companies and their employees, juries have awarded punitive damages in more than 20 per cent of the verdicts returned for plaintiffs[2].

Punitive awards of reasonable amounts have theoretical, as well as practical, supporters. Their theory is that these awards can serve a useful purpose in cases where the gains from violating the law are large, the probability of detection low and the cost of civil and criminal enforcement high. If, they say, the top penalty were pure compensatory damages, unscrupulous people might be tempted to violate the law and play the probabilities of being caught. Given the difficulties of detection and enforcement, they might win – although the threat of loss of reputation and criminal prosecution should keep some of such potential speculators in line.

Moreover, their protagonists argue, punitive damages give plaintiffs and their contingent-fee lawyers (who usually take up to a third of the recovery) added incentives to pursue wrongdoers. Without a punitive factor in damages it might sometimes not be worthwhile for a plaintiff to sue or for a plaintiff's lawyer to take the case.

However, even accepting the assumption that more incentives for litigation are desirable, class actions reduce the need for punitive damages. The size of the class and the damage award is the incentive for the class action plaintiff's lawyer, who usually has the main economic interest in the outcome of the case; they also increase the risk for law violators[3].

Even those who argue that punitive damages are socially desirable, concede that they are likely to result in windfall gains for plaintiffs and their lawyers. For this reason, some states have considered diverting the awards to a social cause such as rehabilitation services for accident victims. With a few exceptions, the idea has been rejected, probably in part due to resistance by plaintiffs' lawyers' organisations.

The crucial, immediate problem with punitive damages, however, is the size of the bill. The hefty awards, and settlements coerced by their prospect, are usually paid by insurance companies or legitimate businesses. These increased costs are then passed on to consumers and the capital markets. Since capital markets are international, infinitely resourceful and quick, the consumer ends up with most of the burden.

When presented with the bill, the public is irate. Last year California voters, fed up with rising insurance rates, approved a proposal that would slash auto insurance premiums by up to 50 per cent and would lock insurers into providing coverage at these reduced rates. The insurance companies are now in court claiming the law takes their property without due process or just compensation in violation of the federal and California constitutions[4].

Those in the US who understand that there is no free lunch in economic transactions have been urging that punitive damages be limited to cases of serious misconduct, or at the least that the size of the bill be required to fit the wrong. But these messages have not been getting through to the courts or legislatures.

In most states juries are given virtually unfettered discretion to award punitive damages whenever they want to and in whatever amount strikes their fancy. To make matters worse, judges instruct juries that they should consider the defendant's net worth. In less free-wheeling days these rules may have caused little harm. Now they are an invitation to award large punitive damages against big business.

A related problem involves the double counting in multiple punitive damage awards for a single offence. Suppose, for example, a company saves $10m by not including a feasible, but non-standard, safety feature in a product. In each personal injury case involving that product the jury, not knowing of previous verdicts, might assess $10m in punitive damages on the theory that the manufacturer should disgorge its gains.

It is these developments, representing a threat to the financial health of the defendants, which led them to question the constitutionality of such large punitive damages.

One argument is that clearly excessive awards are contrary to the Eighth Amendment of the US Constitution which prohibits excessive fines. The Supreme Court did not reach this argument in the recent *Bankers Life* case for procedural reasons; it is being raised again in the *Browning-Ferris* case.

The other main constitutional argument is that vague instructions to the jury result in the imposition of punishments defying all standards and that this is inconsistent with the due process of law guaranteed by the Constitution. So far these arguments have not had much success in the lower courts.

Punitive damages have not been a big problem in the UK mainly because they are assessed by judges rather than juries, except in defamation cases. Judges are more likely to take into account the general effects on society of very large punitive damage awards and less likely to be swayed by sympathy for underdog plaintiffs or prejudice against deep pocket defendants. Moreover, in the UK there are no contingent fees and the losing party must pay the winner's legal fees.

Consequently, there is less pressure to include a punitive element in the award as an incentive for plaintiffs' lawyers or as an extra measure of deterrence for defendants.

In some situations deep pockets in the US can obtain some of these UK advantages through arbitration clauses in contracts. Arbitrators can assess punitive damages, but they are likely to be more restrained than jurors. Arbitration agreements can also reverse the normal US rule in litigation by requiring the losing party to pay the winner's legal fees.

There are, of course, a great many litigation risks, such as product liability litigation, that probably cannot be channelled into arbitration. The plaintiff will not have signed any agreement with the defendant before the dispute arose and will not be willing to forgo litigation advantages once there is a controversy.

But as the punitive damage cases against banks by borrowers and against insurance companies by the insured illustrate, many big verdicts come in cases between parties who have contractual relationships that lend themselves to arbitration clauses. In these situations an arbitration agreement could save deep pocket defendants a lot of sorrow later[5].

The authors are partners in Mayer, Brown & Platt.

[1] *The firm is representing Browning-Ferris in the US Supreme Court but did not participate in the lower court litigation.*
[2] *A Solution to All Problems, Financial Times (London edition), March 17 1988, p.32*
[3] *A More Just and Contentious Society, FT (London edition), November 3 1988, p.15*
[4] *California Car Insurance Groups in a Spin, FT (London edition), November 29 1988.*
[5] *Arbitration as Protection Against Punitive Damages, FT, July 30 1987, p.8.*

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Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	44.56	44.98	47.85	+0.12	3.73
Gilts & Fixed Int	6	112.0	112.0xd	118.9	-0.2	8.41
High Inc Equity	6	117.5	119.7xd	128.0	+0.5	4.66
Worldwide Bond	6	188.6	188.6	200.0	+0.2	4.85
Capital Growth						
American Growth	6	149.9	151.0xd	161.4	+0.3	1.34
Asian Pacific	6	72.57	73.67xd	78.79	-0.01	1.37
Assets & Earnings	6	139.0	143.1	152.2	+0.5	2.62
Capital Reserve Acc	0	81.78	81.78	81.93	-0.22	4.88
Comdty & Energy	6	92.39	92.39	98.82	+0.10	0.00
1992 Enterprise	6	47.76	48.75	51.86	...	3.47
European Capital	6	74.69	75.16	79.95	-0.7	0.94
General	6	155.8	158.7	168.8	+0.6	2.67
Japan	6	101.50	103.3	109.8	+0.3	0.00
Mastertrust	6	74.28	74.28	79.45	+0.08	1.86
UK Growth Acc	6	173.1	180.9	192.4	+0.6	1.38
UK Growth Dist	6	116.2	121.4	129.1	+0.4	2.06
US Emerging Cos	6	44.62	44.62	47.73	+0.15	0.00
Income & Growth	6	260.7	266.5	283.5	+1.2	3.35
Ethical	6	42.78	43.85	46.64	+0.14	2.68

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	41.16	41.16xd	43.78	+0.08	2.00
Australian	5¼	23.00	23.00	24.47	+0.16	1.31
European	5¼	50.13	50.13	53.33	-0.20	0.00
Extra Income	5	38.59	38.59xd	40.96	-	4.87
Fund Inv Tst	5	104.4	104.4	111.0	+0.18	2.42
Do Accum	5	159.2	159.2	169.1	+0.29	2.42
Gilt & Fixed Int	5¼	21.64	21.64	23.02	-0.14	10.31
Global Income	5¼	35.96	35.96	38.25	+0.05	4.99
Income & Growth	5¼	64.88	64.88xd	69.02	+0.20	4.34
Japan	5¼	176.4	176.4	187.6	+1.10	0.01
Nth Amer Inc (z)	5	25.68	25.68	27.26	+0.07	3.98
Special Situations	5¼	63.75	63.75	67.82	+0.25	1.24

Brycourt Unit Tst Mngmt Ltd (1400)F
Nesbeth Hse, Portman Sq, W1H 0JR
Income Growth 1 | 167.4 | 167.4 | 173.5

Buckmaster Mangmt Co Ltd (1200)H
The Stock Exchange, London EC2P 2JT

	Init Chrge	Canc. Price	Bid Price	Offer Price
Emerging Gwth	5	57.56	59.09	62.70
(Accum Units)	5	58.38	59.95	63.61
Fellowship Tst	5	59.29	59.29	62.70
(Accum Units)	5	60.43	60.43	63.90
General Inc	5	264.4	264.4	279.6
(Accum Units)	5	439.9	439.9	465.2
Income	5	138.8	143.2	151.9
(Accum Units)	5	265.3	273.5	290.2
International	5	107.3	107.3	113.5
(Accum Units)	5	145.4	145.4	153.8
Smaller Co's	5	93.50	96.00	101.8
(Accum Units)	5	102.72	105.6	111.4
Inv Portfolio	2½	48.91	50.72	52.28

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL
Stl Dist Gilt & FI 1¼ | 52.70 | 52.70 | 53.44

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD
UK General Tst 5½ | 47.63 | 47.63xd | 51.75
Global Tst 5½ | 38.37 | 38.37 | 41.13
Recovery Tst 5½ | 49.82 | 49.82 | 55.16

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL
Growth Fd Acc 5 | 95.29 | 96.65xd | 102.0

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY
CS America 5 | 52.12 | 52.12 | 55.44
CS International 5 | 50.87 | 50.87 | 54.11
CS Japan 5 | 117.1 | 117.1xd | 124.5
CS Portfolio Inv ‡ 5 | 59.96 | 59.96 | 63.78

Canada Life Unit Tst Mngrs Ltd (1200)
2-6 High St, Potters Bar, Herts
Can Gen Dist 5 | 122.7 | 127.5xd | 134.2
Do Gen Accum 5 | 204.9 | 212.9 | 224.1

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Wardley Unit Tst Mngrs Ltd (0900)H

99, Bishopsgate, London, EC2P 2LA. 01-374 0861

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♦	5¼	56.95	56.95	60.90	-0.29	1.8
Intl Growth	5¼	69.50	69.50	74.33	+0.38	0.4
Income ♦	5¼	116.7	117.9	126.1	-0.40	5.5
Japan Growth	5¼	203.1	206.3	220.7	+2.10	0.1
Pacific Perf	5¼	125.9	125.9	134.6	+0.70	0.6
Small Co's ♦	5¼	138.3	138.3	147.9	+0.50	1.4
Technology	5¼	29.74	29.74	31.80	-0.02	0.1
Australia	5¼	60.38	60.38xd	64.57	+0.79	2.7
UK Trust ♦	5¼	160.3	163.3	174.6	+1.00	2.8
European Growth ♦	5¼	52.23	52.79	56.46	-0.06	0.4
Hong Kong ♦	5¼	33.06	33.06	35.35	+0.90	1.6
Intl Income	5¼	19.51	19.51xd	20.86	+0.11	8.0
S Pore & Mlya Gth	5¼	23.43	23.43	25.05	-0.23	0.5
British Winners ♦	5¼	25.23	25.23	26.98	+0.18	2.5

Waverley Unit Tst Mngmt Ltd (1000)F

13 Charlotte Sq, Edinburgh 031-225 1551

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Australasian Gold	5	16.68	16.68	17.74	-0.13	0.00
Pacific Basin	5	24.72	24.72	26.29	+0.12	0.60
Can Balanced Gwth ♦	5	44.37	44.37	47.20	-0.11	0.10
Gilt Mon ♦	4	0.9454	0.9454	0.9847	[illegible]	[illegible]
Penny Share	5¼	26.65	26.65	28.38	-0.04	0.50

Wellington Fund Mngrs Ltd (1200)F

2, London Bridge, SE1. 01-407 4404

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wellington Income	5¼	112.3	113.7xd	120.9	+0.0	4.84
Wellington Growth	5¼	175.7	177.4	188.7	-0.6	1.30

Wessex Asset Management (1330)F

1 Richmond Hill, Bournemouth BH2 6HW 0202 299432

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wessex UK Gwth	4½	96.98	100.62	104.62	[illegible]	–

Whittingdale Unit Tst Mgmt Ltd

2 Honey Lane, London EC2V 8BT 01-606 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger ♦ F	1¼	53.74	53.74	54.42	-0.04	0.00
Short Dtd Gilt ♦ F	1¼	80.43	80.43	81.44	+0.01	5.50
U.S. Govmt Bond ♦ F	0	.5466	.5466	.5479	[illegible]	0.00

Willbro Financial Services Ltd (0905)F

PO Box 515 Austin Friars, London EC2 01-588 7511

Albany Life Assurance Co Ltd

3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311

	Bid Price	Offer Price	+ or -	Yield Gross
Brit Blue Chip Fd Acc	118.6	124.7	+0.3	–
Equity Fd Acc	927.3	976.0	+2.6	–
European Fd Acc	203.0	213.6	-2.4	–
Intl Fxd Int Fd Acc	198.4	208.8	-0.2	–
Fixed Int Acc	337.5	355.3	+0.2	–
Gtd Money Fd Acc	227.5	239.4	–	–
High Income Fd Acc	105.2	110.7	+0.2	–
Intl Man Fd Acc	[illegible]	[illegible]	-0.3	–
Japan Fd Acc	298.3	314.0	+1.4	–
UK Smllr Co's Fd Acc	104.0	109.5	+0.2	–
Global Mntm	97.0	102.0	-0.1	–
UK Mntm	99.2	104.4	+0.2	–
Nth American Fd Acc	166.6	175.3	+0.6	–
Pac Basin Fd Acc	133.0	140.0	+0.2	–
Prop Fd Acc	311.1	327.4	–	–
Multiple Inv Acc	637.8	671.4	+0.7	–
Pension Funds				
Brit Blue Chip Acc	126.3	132.8	+0.5	–
Eq Pen Fd Acc	1747.4	1839.4	+6.7	–
Euro Fd Acc	250.7	263.8	-4.2	–
Fixed Int. Acc	681.1	716.9	+0.3	–
Gt Money Pn Acc	402.1	423.2	+0.1	–
High Interest	134.6	141.6	+0.1	–
High Income Fd Acc	108.4	114.1	+0.3	–
Intl Man Fd Acc	540.1	568.5	-0.6	–
Jap Pen Fd Acc	424.9	447.2	+2.7	–
UK Smllr Co's Fd Acc	106.4	112.0	+0.2	–
Global Mntm	98.2	103.3	-0.1	–
UK Mntm	101.5	106.8	+0.3	–
N Am Pn Fd Acc	193.6	203.8	+1.0	–
Pac Basin Fd Acc	149.3	157.1	+0.3	–
Property Acc	522.5	550.0	+0.1	–
Multiple Inv Pens Acc	1248.0	1313.6	+1.8	–
Broker Funds				
Prof. Pen. Fd	88.4	93.0	+0.4	–
YPA Strategy	111.6	117.4	+0.1	–
Langham Dollar	139.9	147.2	+0.4	–

Allied Dunbar Assurance Plc

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INSURANCES

Continued on next page

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Norwich Union Life Insurance Soc.

PO Box 149, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Pensions				
With Profits Fd	110.54	116.36	+0.05	-
Managed Fd	121.06	127.43	-0.16	-
UK Equity Fd	122.62	129.08	+0.03	-
International Fd	126.95	133.63	-0.60	-
European Fd	117.60	123.78	-1.16	-
North American Fd	117.32	123.50	-0.71	-
Pacific Fd	125.56	132.15	-0.74	-
Property Fd	125.84	132.46	+0.02	-
Fixed Int Fd	102.19	107.57	-0.17	-
Intl Bond Fd	105.39	110.93	-0.48	-
Stop Sec Dep Fd	105.12	110.65	+0.03	-
Pensionmaster* & Unit-Linked Plan*				
Fixed Interest Fund	287.9	303.1	+1.4	-
Index-Linked Sec Fund	155.4	163.5	+0.2	-
Ordinary Share Fund	479.8	505.1	+10.6	-
International Fund	136.1	143.3	-0.2	-
Property Fund	213.6	224.8	+0.2	-
Deposit Fund	188.4	198.3	+0.4	-
Mixed Fund	331.8	349.3	+3.6	-
Norwich Units January 15		820.0		-

*Prices as at January 17

Pearl Assurance (Unit Funds) Ltd

252 High Holborn, London WC1V 7EB 01-405 8441

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Dist. (Gross)	179.6	189.1	-	-
Prop. Acc. (Gross)	302.5	318.5	+0.1	-
Equity (Gross)	665.8	700.9	+2.0	-
Managed (Gross)	488.1	513.8	+1.4	-
Prop. Acc. (Net)	139.9	147.3	-	-
Equity (Net)	157.1	165.4	+0.3	-
Managed (Net)	150.1	158.0	+0.3	-
International (Net)	134.8	141.9	-0.1	-
Gilt & Fxd Interest	102.4	107.8	-0.1	-
Money Fund	103.2	108.7	-	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	468.1	492.8	+2.0	-
Ret Man (Series 2)	158.8	167.2	+0.7	-
Ret Man (Series 3)	104.7	104.7	+0.4	-
Ret Cash	129.4	136.2	-	-
Ret Cash (Series 3)	106.3	106.3	-	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund	922.7	968.8	-2.5	-
Equity Fund	204.5	214.7	-0.8	-
International Fd	140.2	147.2	-0.1	-
Fixed Interest Fd	152.7	160.3	----	-
Property Fund	209.6	220.1	----	-
Index-Linked Fund	132.7	139.3	-0.4	-
Deposit Fund	132.7	139.3	----	-
Pens Mixed (Ord) Fd	214.8	225.5	-0.6	-
Gold Pensions				
Discretionary Fund		104.2	-0.3	-
Equity Fund		100.3	-0.3	-
Fixed Interest Fund		105.5	-0.1	-
International Fund		105.0	-0.1	-
Property Fund		126.8	----	-
Index-Linked Fund		108.6	-0.4	-
Deposit Fund		105.2	----	-
S & F Consolidation		103.5	----	-
S & F Balanced		103.7	----	-
S & F Maximum Growth		94.6	-0.4	-

Provident Mutual Life Assc. Assn.

Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	299.4	315.2	+0.5	-
Managed Init	244.0	256.8	+0.2	-
Equity Ord	412.2	433.9	+1.1	-
Equity Init	336.0	353.7	+0.9	-
Index Linked Gilt Ord	131.2	138.1	-0.6	-
Index Linked Gilt Init	111.7	117.6	-0.5	-
Overseas Equity Ord	273.2	287.6	+0.7	-
Overseas Equity Init	222.7	234.4	+0.5	-
Property Ord	189.8	199.8	-	-
Property Init	154.7	162.8	-	-
Fixed Interest Ord	174.3	183.5	-	-
Fixed Interest Init	142.1	149.6	-	-
Deposit Ord	139.3	146.6	+0.1	-
Deposit Init	113.6	119.6	+0.1	-
Pension Funds				
Managed Ord	363.7	382.8	+0.6	-
Managed Init	296.4	312.0	+0.5	-
Equity Ord	518.5	545.8	+1.6	-
Equity Init	422.6	444.8	+1.2	-
[illegible]				

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Ass. Co Ltd

Prudential Assurance Co

Prudential Holborn Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd - Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Skandia Life Assurance Co Ltd - Contd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Shield Assurance Ltd

Sun Life Unit Assurance Ltd

Sun Life Unit Assurance Ltd-Contd.

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

All funds have constant pension units. Unit prices are available from Skandia Life

MANAGEMENT SERVICES

The Analysis Group PLC

Blackstone Franks Plc

Bryan Walls & Partners Ltd

Chase de Vere PLC

First Financial Services PLC

The Fitzwalter Group

Hinton Hill (I. & P) Ltd

Investment Portfolio Services Ltd

Johnson Fry Financial Services Ltd

Knight Williams & Company Ltd

Lamont & Partners Plc

M & E Financial Management Plc

Noble Lowndes & Partners Ltd

The Moneyplan Group

O'Halloran & Co/Constywide

Sterling Fund Managers

Towry Law & Co

University Medical General Ltd

J. D. Ward Financial Services Ltd

Yorkshire & Lancashire Investment Mgt.

OFFSHORE AND OVERSEAS

GUERNSEY AUTHORISED

Framlington Overseas Fund Mngt Ltd

Gartmore Fund Managers Intl Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Midland Bank Fd Managers (Guernsey) Ltd

Hill Samuel Fund Mgrs (Jersey) Ltd

Prudential Intl Financial Services Ltd

Quilter International Management Ltd

Rothschild Asset Management

Royal Bank of Canada Funds

Touche Remnant (Guernsey) Limited

JERSEY AUTHORISED

Capital House Fund Mngrs (C.I.) Ltd

Citibank (CI) Ltd "Citifunds"

EBC Trust Company (Jersey) Ltd

Fleming & Colonial Mngt (Jersey) Ltd

Lloyds Bank (CI) U/T Mgrs.

MIM Britannia International Limited

Royal Trust Fd Mngt Ltd

Save & Prosper International

TSB Trust Funds (CI)

Tyndall International (Jersey) Ltd

Warburg Investment Management Jersey Ltd

IoM AUTHORISED

Allied Dunbar International Fund Mgrs.

Barclays Intl Funds

Equity & Law International Fund Mgrs Ltd

Gartmore Fund Managers (IoM) Ltd

Hailtown Scandinavian Fund Ltd

Mercury Fund Managers (Isle of Man) Ltd

Refuge Overseas

Tyndall International (Isle of Man) Ltd

BERMUDA AUTHORISED

GT Management Plc

OFFSHORE INSURANCES

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star International

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finance International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

MM Schroder Life Assurance Intl Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

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OTHER OFFSHORE FUNDS

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99	Treas 11½pc 1989	99¾xd	.....	11.51	12.65
98	Treas 9½pc Cnv 1989	99	+1/16	9.57	12.55
95	Treas 3pc 1989	97	+1/16	3.06	9.47
98	Treas 10½pc 1989	99	+1/16	10.59	12.54
98	Exch 10pc 1989	98xd	.....	10.12	12.50
98	Exch 11pc 1989	99	.....	11.09	12.25
94⅝	Treas 5pc 1986-89	96	−1/16	5.20	10.58
98⅝	Exch 10¼pcCv '89	99	.....	10.31	11.03
101	Treas 13pc 1990‡‡	101	.....	12.84	11.59
99	Exch 11pc 1990‡‡	99xd	−1/16	11.05	11.50
100¼	Exch 12¼pc 1990	101	.....	12.37	11.51
90	Treas. 3pc 1990	91	−⅛	3.27	9.99
95	Treas 8¼pc 1987-90‡‡	96	.....	8.58	11.26
95⅝	Treas. 8pc Cv 1990 ‡‡	96	−1/16	8.24	10.22
97¼	Treas. 10pcCv 1990	98⅛	−1/16	10.19	11.18
87	Exch 2½pc 1990	88	−1/16	2.82	9.45
100	Treas 11¾pc 1991	101⅛	−1/16	11.62	11.08
89	Funding 5¾pc '87-91‡‡	90⅝	+1/16	6.34	10.62
85	Treas. 3pc 1991	86	+1/16	3.45	9.45
97	Treas 10pc Cv '91 ‡‡	98	−⅛	10.11	10.53
98	Exch. 11pc 1991	100	−1/16	10.95	10.81
91	Treas 8pc 1991	93	−1/16	8.57	10.74
103	Treas 12¾pc 1992‡‡	105xd	−1/16	12.07	10.52
96⅝	Treas 10pc 1992	98xd	.....	10.14	10.56
91¼	Treas. 8pc 1992 ‡‡	93	−1/16	8.59	10.56
98	Treas 10½pc Cv 1992‡‡	99¾	−1/16	10.50	10.50
81	Treas. 3pc 1992	83¼	+⅛	3.61	8.91
102	Exch. 12¼pc '92	104	−1/16	11.68	10.57
106	Exch 13½pc 1992	108	−1/16	12.40	10.52
91	Treas 8¼pc 1993	93¼xd	−1/16	8.86	10.35
96	Treas 10pc 1993‡‡	98	−1/16	10.11	10.30
105	Treas 12½pc 1993‡‡	107	−1/16	11.66	10.44
85¼	Funding 6pc 1993‡‡	86	−1/16	6.97	9.77
110	Treas 13¾pc 1993‡‡	112	−1/16	12.25	10.44

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

1988/89 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
44	41	Consols 4pc	43xd	.....	9.13	-
40	37	War Loan 3½pc‡‡	39	.....	8.90	-
62	48	Conv 3½pc '61 Aft	61	.....	5.71	-
33	30	Treas. 3pc '66 Aft	32	+⅛	9.27	-
28	26¼	Consols 2½pc	27	.....	9.07	-
29	26½	Treas. 2½pc	27½	.....	9.09	-

Index-Linked

1988/89 High	Low	Stock (b)	Price £	+ or −	(1)	(2)
124	117½	Treas 2pc IL '90(84.6)	124½xd	.....	1.18	3.58
105	99	Do 2pc '92‡‡(97.8)	104	−1/16	2.98	3.76
96	92½	Do. 2 '94 (102.9)	95⅝	−⅛	3.35	3.80
142	127¾	Do. 2pc '96(67.9)	139½	−⅛	3.45	3.78
121	103¾	Do 2½pc '01(78.3)	119	−⅛	3.56	3.79
118	101⅝	Do. 2½pc '03(78.8)	116	−⅛	3.62	3.82
120	102¼	Do. 2pc '06(69.5)	118xd	−⅛	3.66	3.82
113	95	Do. 2½pc '09(78.8)	111¼	−⅛	3.65	3.60
117	99	Do. 2½pc '11(74.6)	116xd	−⅛	3.63	3.78
97	82	Do. 2½pc '13(89.2)	96xd	−⅛	3.62	3.75
105	88	Do. 2½pc '16(81.6)	104xd	−⅛	3.58	3.71
103	87	Do. 2½pc '20(83.0)	102	−⅛	3.52	3.64
87	73	Do. 2½pc '24‡‡(97.7)	86	−⅛	3.48	3.59

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1988.105.8 and for November 1988:110.0

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988/89 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	33	Greek 7pc Ass	42	−3	3.50	17.78
45	33	Do. 6pc 28 Stb. Ass	44	−1	3	16.67
45	33	Do 4pc Mixed Ass	45	.....	2	14.44
80	63	Hung. '24 Ass	65	−15	2.75	13.57
140	128	Hydro Quebec 15pc 2011	135	.....	15.00	10.83
131	13	Iceland 14½pc Ln 2016	125½xd	.....	14.50	10.77
101	37	Ireland 9¾pc '91-96	94½	.....	9.75	11.45

AMERICANS

1988/89 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
29½	22¾	Abbott Laboratories§	26½xd	−¼	$1.20	-	2.5
649p	340p	♦Allegheny & W 1c	484p	+22	30c	-	4.1
14	862p	Amax $1	13	−⅛	40c	-	1.6
15	8	Amdahl 5c	11¾xd	−¼	h10c	-	0.5
31⅞	22	Amer. Cyanamid $3	27½	−¼	$1.20	-	2.4
17¾	11¼	Amer. Express 60c	15¾xd	.....	84c	-	2.9
10⅝	668p	Amer. Medical Int. $1	921pxd	+11	♦72c	-	4.3
17¼	13¾	American T. & T. $1	16⅛	.....	$1.20	-	4.1
56½	44¾	Ameritech $1	53⅝	+⅛	$5.40	-	5.6
19⅝	15¾	Anheuser-Busch $1	17	.....	72c	-	2.3
10¾	3⅝	BankAmerica $1 §	10¼	−⅛	-	-	-
24½	16	Bankers N.Y. $1	21¼	−¼	$1.86	-	4.8
43	34¼	Bell Atlantic $1	40	+¼	$4.08	-	5.6
25⅛	19¾	BellSouth Corp.	22¼	−¼	$2.36	-	5.9
15	850p	♦Bethlehem Steel $8	13	−¼	-	-	-
13⅝	801p	♦Bio-Rad Labs. A	942½p	+2½	-	-	-
23¾	14	Bowater Inc.	15¾	+¼	$1.12	-	3.9
16⅞	11⅝	Browning-Ferris 16 6c	15¾xd	−⅛	56c	-	2.0
13¼	787p	Brunswick 75c	10xd	−⅛	44c	-	2.3
33⅛	21⅛	CPC Intnl. 25c.	30¼	+¼	$1.44	-	2.6
18½	13¼	CSX $1	18¾	.....	$1.24	-	3.7
10¼	134p	California Engy	10¾	.....	-	-	-
16¼	11⅞	CalFed Inc $1	12⅝	−⅛	$1.40	-	6.1
20¼	12⅞	Campbell Soup 15c	18	.....	84c	-	2.6
39⅝	31⅛	Caterpillar Inc $1	37¾	−⅛	$1.20	-	1.8
18½	11⅝	Chase Manhattan $12½	17xd	+⅛	$2.16	-	6.8
19⅞	11¼	Chem. Banking Corpn.	18⅛	+¼	$2.72	-	8.2
15	11	Chrysler $6¼	15xd	−⅛	$1.00	-	3.6
15⅞	9	Citicorp $1	15	−⅛	$1.48	-	5.5
297p	167p	CityFed Fin. Corp.	176p	+1	4c	-	1.3
28¼	20⅞	Colgate-Palmolive $1	25xd	−⅛	♦$1.48	-	3.2

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

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AMERICANS—Contd

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
154p	44p	♦Unilab	138p	.....	–	–	–
24¾	17⅝	Utd Technologies	23⅝	.....	$1.60	–	3.8
163p	27p	♦UniHtech Inc	145p	.....	–	–	–
34⅝	26⅛	US West‖	32⅛	+⅛	$3.52	–	6.0
24⅞	16⅞	Waste Management $1	25⅝	.....	48c	–	1.1
16⅞	12⅞	Whirlpool $1	15	+⅛	$1.10	–	4.1
20⅛	15¼	Whitman Corp	19¼	.....	96c	–	2.8
33¾	18⅛	♦Woolworth $3½	30	–⅛	$1.64	–	3.0

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible] dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ....y	69	+1
Craig & Rose £1 ....y	710	.....
Finlay Pkg. 5p ....y	85	-1
Holt (Jos) 25p ....y	1215	+2

IRISH

Cap. 8½% Ln. 1992	£99½	-⅛
9pc Cap Ln. 1996	£100¼	.....
Fin. 13% 97/02	£122⅛	-2
Arnotts	385	.....
Carrol (P.J.) ....y	148xd	+1

For Grafton Group see Industrials (Misc)

Hall (R. & H.)	160	.....
Helton Hldgs. ....y	64	.....
Irish Ropes	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	26
Barclays	34
Beecham	48
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord.	18
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen.	26
Lex Service	34
Lloyds Bank	29
Lucas Inds.	48
Marks & Spencer	15
Midland Bk.	35
Morgan Grenfell	28
NEI	12
Nat West Bk.	45
P & O Dfd.	48
Plessey	15
Polly Peck	28
Racal Elect.	25
RHM	32
Rank Org Ord.	63
Reed Intnl.	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	58
Peachey	54

Oils

Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	5½
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shrugs off intervention

CENTRAL BANKS sold dollars in co-ordinated foreign exchange intervention yesterday, after poor US trade figures failed to dampen the markets demand for the currency.

All members of the Group of Seven main industrial nations - apart from Japan - intervened against the dollar to buy D-Marks, but the US currency remained very strong.

The US Federal Reserve and West German Bundesbank entered the market at about the same time, during the European afternoon. They were followed by the Bank of France, Bank of Italy, Bank of Canada and Bank of England. It was also reported by dealers that the Bank of England sold sterling against the D-Mark. The Bank of Spain joined in the co-ordinated action to sell the dollar.

Dealers in Tokyo suggested the Bank of Japan might intervene if the dollar approaches Y130, but the yen has not been generally weak. Most of the downward pressure has been confined to the D-Mark. The yen is very strong against the German currency, with the D-Mark falling to a record low of Y68.71 in London last night, from Y68.87 at the Tokyo close.

A widening of the US trade gap overshadowed all other economic news yesterday, but had only a very short lived downward impact on the dollar.

Little attention was paid to a slight narrowing of the Japanese trade surplus in December; a higher than expected repayment in the UK Public Sector Borrowing Requirement; or a slight tightening of the credit reins by the West German Bundesbank.

The dollar fell sharply, to a low of DM1.8400, on news that the November US trade deficit, on a customs basis, increased to a seasonally adjusted $10.96bn, from $8.78bn in October. The market was expecting a shortfall of around $9.5bn. On the old CIF basis the adjusted trade gap widened to $12.51bn from $10.26bn, compared with forecasts of about $11bn.

The market only saw this as an opportunity to buy the US currency at a favourable level, however. The dollar soared upwards, brushing aside the central banks and touching DM1.8795, the highest level since September, before closing at DM1.8695, compared with DM1.8505 on Tuesday. The dollar also rose to Y128.45 from Y127.70; to SFr1.5895 from SFr1.5760; and to FFr6.3725 from FFr6.3100. On Bank of England figures, the dollar's exchange rate index rose to 67.2 from 67.1.

Sterling was on the sidelines, but rose to another 2½-year high against the depressed D-Mark, climbing to DM3.2800 from DM3.2725. There was virtually no reaction to news that the PSBR repayment in December was above most City forecasts.

As a reflection of the dollar's strength, sterling fell to its lowest level against the US currency since last October. The pound fell 1.30 cents to $1.7550, and eased to Y225.50 from Y225.75, but rose to SFr2.7900 from SFr2.7875 and to FFr11.1825 from FFr11.1550. Sterling's exchange rate index was unchanged at 98.2.

£ IN NEW YORK

Jan 18	Latest	Previous Close
£ Spot	1.7690-1.7695	1.7695-1.7705
1 month	0.57-0.56pm	0.59-0.58pm
3 months	1.59-1.57pm	1.54-1.52pm
12 months	4.67-4.57pm	4.45-4.38pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan 18	Previous
8.30 am	98.3	98.2
9.00 am	98.3	98.2
10.00 am	98.3	98.2
11.00 am	98.1	98.2
Noon	98.2	98.2
1.00 pm	98.2	98.2
2.00 pm	98.2	98.2
3.00 pm	98.3	98.2
4.00 pm	98.2	98.2

CURRENCY RATES

Jan 18	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.744845	0.636014
U.S Dollar	6.50	1.31912	1.12066
Canadian $	11.20	1.58004	1.34143
Austrian Sch.	4	N/A	14.6503
Belgian Franc	7.75	51.0203	43.6664
Danish Krone	7½	9.43435	8.08609
Deutsche Mark	3½	2.43721	2.08666
Neth Guilder	4.5	2.75037	2.35517
French Franc	9½	8.30782	7.11841
Italian Lira	12½	1786.31	1528.57
Japanese Yen	2½	168.913	143.276
Norway Krone	8	8.85393	7.56051
Spanish Peseta	-	152.699	130.444
Swedish Krona	8½	8.30320	7.08759
Swiss Franc	3.5	2.07432	1.77288
Greek Drach	20½	202.352	172.895
Irish Punt	-	0.912191	0.780184

*All SDR rates are for Jan 17

CURRENCY MOVEMENTS

Jan 18	Bank of England Index	Morgan** Guaranty Changes %
Sterling	98.2	-13.8
U S Dollar	67.2	-11.4
Canadian Dollar	101.8	-1.5
Austrian Schilling	106.4	+9.7
Belgian Franc	105.6	-6.3
Danish Krone	103.1	-1.6
Deutsche Mark	112.1	+20.1
Swiss Franc	108.0	+17.5
Guilder	109.6	+12.8
French Franc	98.2	-16.1
Lira	97.4	-20.2
Yen	151.2	+83.8

Morgan Guaranty changes average 1980-1982=100 Bank of England Index (Base Average 1985=100)* Rates are for Jan 17.

OTHER CURRENCIES

Jan 18	£	$
Argentina	29.5685-29.7265	16.7100-16.7900
Australia	2.0310-2.0335	1.1580-1.1590
Brazil	1495.45-1503.60	845.15-849.25
Finland	7.5565-7.5785	4.2790-4.2810
Greece	269.90-274.40	152.75-155.55
Hong Kong	13.7785-13.7915	7.8030-7.8050
Iran	123.30*	69.00*
Korea(Sth)	1201.85-1211.50	679.70-685.30
Kuwait	0.50450-0.50500	0.28540-0.28560
Luxembourg	68.60-68.70	39.05-39.15
Malaysia	4.8140-4.8255	2.7300-2.7330
Mexico	4042.15-4211.40	2285.00-2380.00
N. Zealand	2.8010-2.8060	1.5970-1.5995
Saudi Ar.	6.6365-6.6340	3.7505-3.7515
Singapore	3.4150-3.4430	1.9465-1.9485
S. Af (Cm)	4.1940-4.2140	2.3925-2.3975
S. Af (Fn)	6.7820-6.9155	3.8610-3.9370
Taiwan	48.95-49.50	27.70-27.80
U.A.E.	6.4425-6.4485	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.6664	+2.85	+0.81	±1.5344
Danish Krone	7.85212	8.08609	+2.98	+0.94	±1.5404
German D-Mark	2.05853	2.08666	+1.37	-0.67	±1.0981
French Franc	6.90403	7.11841	+3.11	+1.07	±1.3674
Dutch Guilder	2.31943	2.35517	+1.54	-0.50	±1.5012
Irish Punt	0.768411	0.780184	+1.53	-0.51	±1.6684
Italian Lira	1483.58	1528.57	+3.03	+1.72	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Jan.18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7530-1.7740	1.7545-1.7555	0.58-0.56cpm	3.90	1.54-1.50pm	3.46
Canada	2.0965-2.1165	2.0975-2.0985	0.42-0.33cpm	2.14	0.94-0.81pm	1.67
Netherlands	3.69¾-3.70¾	3.69¾-3.70¾	2¼-2⅛cpm	7.09	6⅛-6pm	6.55
Belgium	68.45-68.75	68.60-68.70	35-30cpm	5.68	94-85pm	5.21
Denmark	12.70-12.71½	12.70½-12.71½	5⅝-5⅛orepm	5.07	15¼-14½pm	4.68
Ireland	1.2245-1.2285	1.2265-1.2275	0.56-0.51cpm	5.23	1.49-1.39pm	4.69
W. Germany	3.27¾-3.28½	3.27¾-3.28¾	2⅛-2pfpm	7.55	5¾-5½pm	6.86
Portugal	267.35-269.70	267.35-268.80	65-20cpm	1.90	130-35pm	1.23
Spain	204.85-205.60	204.95-205.55	25-10cpm	1.02	40-25pm	0.63
Italy	2400¾-2406½	2401¼-2402¼	4-1lirepm	1.25	8-3pm	0.92
Norway	11.85-11.90	11.85-11.86	1⅞-1½orepm	1.71	5-4¾pm	1.67
France	11.17¾-11.20	11.17¾-11.18¾	4⅜-4⅛cpm	4.56	12-11½pm	4.20
Sweden	11.13-11.16¼	11.13-11.14	2½-2⅛orepm	2.49	6¾-6¼pm	2.33
Japan	225-226	225-226	1¾-1⅝ypm	8.98	4⅞-4½pm	8.20
Austria	22.95-23.05	22.95-23.00	12¼-10¾gropm	6.01	37⅞-32½pm	6.12
Switzerland	2.78½-2.79½	2.78½-2.79½	1⅞-1⅝cpm	7.53	4⅞-4¾pm	6.90

Belgian rate is convertible francs. Financial franc 68.90-69.00. Six-month forward dollar 2.67-2.62cpm 12 month 4.42-4.32pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7530-1.7740	1.7545-1.7555	0.58-0.56cpm	3.90	1.54-1.50pm	3.46
Ireland†	1.4295-1.4435	1.4305-1.4315	0.20-0.25cdis	-1.88	0.50-0.60dis	-1.47
Canada	1.1925-1.1985	1.1940-1.1950	0.16-0.19cdis	-1.76	0.52-0.56dis	-1.81
Netherlands	2.0850-2.1130	2.1095-2.1105	0.60-0.57cpm	3.35	1.65-1.61pm	3.11
Belgium	38.75-39.15	39.05-39.15	7.00-5.00cpm	1.85	19.50-15.50pm	1.80
Denmark	7.17¾-7.24½	7.24-7.24½	0.87-0.67orepm	1.28	2.40-1.90pm	1.19
W. Germany	1.8400-1.8795	1.8690-1.8700	0.60-0.58pfpm	3.81	1.63-1.60pm	3.48
Portugal	153¼-153¾	153¼-153½	10-40cdis	-1.97	50-125dis	-2.30
Spain	115.70-116.95	116.85-116.95	25-30cdis	-2.84	83-90dis	-2.98
Italy	1362¼-1369	1368½-1369	2.70-3.40liredis	-2.69	8.00-9.00dis	-2.50
Norway	6.71¾-6.75¾	6.75¼-6.75¾	1.05-1.30oredis	-2.09	3.05-3.35dis	-1.90
France	6.30½-6.37½	6.37-6.37½	0.42-0.35cpm	0.73	1.25-1.10pm	0.74
Sweden	6.30-6.34¾	6.34¼-6.34¾	0.60-0.80cdis	-1.33	1.55-2.00dis	-1.12
Japan	126.20-128.95	128.40-128.50	0.57-0.55ypm	5.27	1.55-1.52pm	4.81
Austria	13.02½-13.07½	13.06¼-13.06¾	3.00-2.00gropm	2.30	10.00-7.00pm	2.61
Switzerland	1.5600-1.5905	1.5890-1.5900	0.51-0.48cpm	3.77	1.43-1.38pm	3.56

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.25-39.35.

EURO-CURRENCY INTEREST RATES

Jan.18	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13-12⅞	13⅛-12⅞	13⅛-13⅛	13⅛-13⅛	12⅞-12⅞	12¾-12⅝
US Dollar	9⅛-9⅛	9⅛-9⅛	9⅝-9⅛	9⅞-9⅝	9⅞-9⅝	9⅞-9⅞
Can. Dollar	10⅝-10⅛	10⅝-10⅛	10⅞-10⅝	11⅛-10⅞	11⅛-11⅛	11⅛-11⅛
D. Guilder	5⅞-5⅞	5⅞-5⅞	5⅞-5⅞	6⅛-5⅞	6⅛-6⅛	6⅛-6⅛
Sw. Franc	5⅛-5½	5⅛-5½	5⅝-5⅝	5⅝-5⅛	5⅞-5⅛	5⅞-5⅝
Deutschmark	5½-5⅛	5½-5⅛	5⅞-5⅞	5⅞-5⅛	5⅞-5⅞	6⅛-5⅞
Fr. Franc	8⅛-8⅛	8⅛-8⅛	8⅝-8⅛	8⅞-8⅞	8⅛-8⅝	8⅞-8⅝
Italian Lire	11-9	12⅛-11⅛	12-11½	12⅛-11⅝	12⅛-11⅛	12⅛-11⅞
B. Fr. (Fin)	7⅛-7⅛	7⅛-7⅛	7⅛-7⅞	7⅞-7⅞	7⅞-7⅝	7⅞-7⅝
B. Fr. (Con.)	7⅝-7⅝	7⅝-7⅝	7⅞-7⅝	7⅞-7⅞	7⅞-7⅞	8-7⅞
Yen	4⅛-3⅞	4⅛-4⅛	4⅝-4⅛	4⅝-4½	4⅝-4½	4⅝-4⅝
D. Krone	7⅞-7⅞	8⅛-8⅛	8⅛-8	8⅛-8	8⅛-8⅛	8⅞-8⅛
Asian $Sing.	9⅛-9⅛	9⅛-9⅛	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞

Long term Eurodollars: two years 9⅞-9⅞ per cent; three years 9⅞-9⅞ per cent; four years 10-9¾ per cent; five years 10-9¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.18	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.755	3.280	225.5	11.183	2.790	3.703	2402	2.098	68.65
$	0.570	1	1.869	128.5	6.372	1.590	2.110	1369	1.195	39.12
DM	0.305	0.535	1	68.75	3.409	0.851	1.129	732.3	0.640	20.93
YEN	4.435	7.783	14.55	1000.	49.59	12.37	16.42	10652	9.304	304.4
F Fr.	0.894	1.569	2.933	201.6	10	2.495	3.311	2148	1.876	61.39
S Fr.	0.358	0.629	1.176	80.82	4.008	1	1.327	860.9	0.752	24.61
H Fl.	0.270	0.474	0.886	60.90	3.020	0.753	1	648.7	0.567	18.54
Lira	0.416	0.731	1.366	93.88	4.656	1.162	1.542	1000	0.873	28.58
C $	0.477	0.837	1.563	107.5	5.330	1.330	1.765	1145	1	32.72
B Fr.	1.457	2.556	4.778	328.5	16.29	4.064	5.394	3499	3.056	100.

Yen per 1,000. French Fr. per 10. Lira per 1,000. Belgian Fr. per 100.

FINANCIAL FUTURES

Active day for German bonds

Early attention focused on the West German Government bond sector in Liffe trading yesterday where renewed speculation about a possible rise in the discount rate pushed values sharply weaker.

Trading volume was brisk with a record 18,471 lots traded. The March price dipped from an opening level of 94.93 to a low of 94.76. It closed at 94.87 down from 95.10 on Tuesday.

Short sterling futures spent an uncomfortable day, moving erratically within a narrow range as traders assessed news of a £2.1bn Public Sector Debt Repayment in December. Some traders argued that the size of the repayment suggests buoyant tax receipts derived from a strong economy and that this could have inflationary implications. The March price touched a low of 87.19 after opening at 87.24 but came back to close at 87.25, unchanged from Tuesday.

US Treasury bonds rose quite sharply after a fall in US exports suggested that, on an optimistic reading, the US economy may be slowing.

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE FT-SE INDEX FUTURES OPTIONS

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

Estimated Volume 13471 (13125)
Previous day's open int. 15409 (13476)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7550	1.7493	1.7398	1.7285	1.7113

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.7590	1.7700	1.7500	1.7616
Jun	1.7470	1.7520	1.7350	1.7478
Sep	1.7350	1.7400	1.7250	1.7366

MONEY MARKETS

Increased pressure

THE STRENGTH of the US dollar may have increased the possibility of a rise in West German interest rates. The Bundesbank's central council holds its regular fortnightly meeting today against a background of higher US interest rates and a rising dollar. The latter was achieved despite disappointing US trade data for November and repeated dollar sales by central banks.

UK clearing bank base lending rate 13 per cent from November 25

The Bundesbank made sure that short-term liquidity levels remained adequate in Frankfurt by allocating DM14.9bn at its latest sale and repurchase tender. The amount almost matched a maturing facility of DM15.1bn. However the acceptance rate moved up to between 5.2 p.c. and 5.5 p.c. as a result of the Bank's decision to hold a tender with no minimum fixed bid.

The move was seen as providing the authorities with the option of increasing the discount rate at today's meeting. The Bundesbank is likely to take into account the continued weakness of the D-Mark and the inflationary implications.

The Bundesbank announced yesterday that there will be no news conference after today's meeting. On most occasions, a change in interest rates is accompanied by a formal conference although the authorities have caught markets off-guard by altering rates without holding a news meeting.

UK interest rates showed little reaction to the US trade data. Rates remain underpinned by the Government's determination to control inflation through higher interest rates. The key three-month interbank rate was barely changed at 13¼-13 p.c. from 13¼-13⅛ p.c. while the one-year rate was unchanged at 12¾-12⅝ p.c.

The Bank of England forecast a shortage of around £950m and offered an early round of assistance. This comprised outright purchases of £196m of bills; £9m of Treasury bills and £161m of eligible bank bills in band 1, and in band 3, £25m of eligible bank bills. Band 4 purchases comprised £1m of eligible bank bills, and all purchases were made at unchanged rates. The Bank also arranged sale and repurchase agreements on £372m of bills at 12⅞ p.c. unwinding on January 24. Further help in the morning came to £362m through £285m of Treasury bill purchases and £3m of eligible bank bills in band 1, and in band 2 £42m of eligible bank bills. In band 3 it bought £32m of eligible bank bills again all at unchanged rates. There was no further assistance in the afternoon, and total help came to £930m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan 18) 3 months US dollars		6 months US Dollars	
bid 9⅞	offer 9⅞	bid 9⅞	offer 9⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4pm)

Prime rate	10½
Broker loan rate	10¼-⅞
Fed funds	9⅛
Fed funds at intervention	-

Treasury Bills and Bonds

One month	8.15	Three year	9.17
Two month	8.20	Four year	9.12
Three month	8.57	Five year	9.10
Six month	8.81	Seven year	9.08
One year	9.01	10-year	9.04
Two year	9.17	30-year	8.87

Jan.18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	5.20-5.25	5.40-5.55	5.40-5.55	5.50-5.65	5.70-5.85	5.50
Paris	8⅛-8⅛	8½-8⅝	8⅝-8⅞	8⅝-8⅞	8⅞-8⅞	7.25
Zurich	4⅛-4⅞	5⅛-5⅝	-	5⅛-5⅞	-	-
Amsterdam	5.75-5.88	5.93-6.03	-	6.12-6.22	-	-
Tokyo	3⅞-3⅞	4⅞-4⅞	-	4⅞-4⅞	-	-
Milan	11⅛-11⅛	11⅞-12⅛	-	11⅞-12⅛	-	-
Brussels	5.75	7⅛-7½	-	7⅝-7⅞	-	-
Dublin	7⅞-8	7⅞-8⅛	8-8⅛	8⅛-8½	8⅛-8⅝	-

LONDON MONEY RATES

Jan.18	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13½	13⅛	13⅛	13⅛	12⅞	12¾
Interbank Bid	11½	12⅞	13	13	12⅞	12⅝
Sterling CDs	-	-	13⅛	13⅛	13	12⅞
Local Authority Deps.	13	13	13⅛	13⅛	13⅝	13⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	13	12⅞	12⅞	12⅞	-	-
Company Deposits	-	-	13	13	13⅛	13½
Finance House Deposits	-	-	13⅛	13⅛	12⅞	12⅞
Treasury Bills (Buy)	-	-	12⅞	12⅞	-	-
Bank Bills (Buy)	-	-	12⅞	12⅝	12⅞	-
Fine Trade Bills (Buy)	-	-	13⅛	13⅛	12⅞	-
Dollar CDs	-	-	9.15-9.10	9.35-9.30	9.45-9.40	9.65-9.60
SDR Linked Dep Offer	-	-	7⅝	8½	8⅞	8¾
SDR Linked Dep Bid	-	-	7⅝	7⅞	7⅞	8
ECU Linked Dep Offer	-	-	8⅛	8⅞	8⅞	8½
ECU Linked Dep Bid	-	-	8	8⅞	8⅞	8⅝

Treasury Bills (sell): one-month 12⅞ per cent; three months 12¾ per cent; Bank Bills (sell): one-month 12⅞ per cent; three months 12⅞ per cent; Treasury Bills; Average tender rate of discount 12.5093 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 30, 1988. Agreed rates for period January 25, 1989 to February 25, 1989, Scheme I: 13.97 p.c., Schemes II & III: 14.37 p.c. Reference rate for period December 1 to December 30, 1988, Scheme IV&V: 13.173 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 from January 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
ROYAL DUTCH C	Fl. 120	4119	2.40	1992	6	316	7	Fl. 121.90
ROYAL DUTCH P	Fl. 115	-	-	1043	1	32	2.50	Fl. 121.90
ROBECO C	Fl. 100	63	1.50	-	-	8	5	Fl. 101.30
UNILEVER C	Fl. 120	1628	3.20	671	7.80	48	9	Fl. 123.20
UNILEVER P	Fl. 120	771	0.20	100	2.90	59	5	Fl. 123.20
VAN OMMEREN C	Fl. 35	48	1.20	75	2.90	50	3.20	Fl. 36
WESSANEN C	Fl. 80	85	3.30	6	5.80	-	-	Fl. 83.20

TOTAL VOLUME IN CONTRACTS : 66,609
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	Nat Westminster	13
Adam & Company	13	Comm. Bk. N. East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williams Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit. Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd	‡13.95		
Citibank NA	13	Mount Bnkg Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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CROSSWORD

No.6,838 Set by GRIFFIN

ACROSS

1 Delighted account by a trainee journalist (7)
5 Using few words gives Colin a new key (7)
9 Private hotel engineers retire to (5)
10 Where cats learn to roam (9)
11 Kept parking, getting booked (9)
12 Plant them, scattered outside, the first year (5)
13 There's many a set-back with appointments (5)
15 Blushing, having barest recollection of Robin (9)
18 A French action, detectives admitted, is uncertain (9)
19 Given medicine by leading doctor, does improve (5)
21 Returned when left by Jack Wood (5)
23 Sweetener in cans I ordered daily (9)
25 Chaps at Eton worried about reconciliation (9)
26 Tear round after tin-opener handle (5)
27 Person writing a letter of their choice? (7)
28 Something done about permit being cancelled (7)

DOWN

1 Stumbled into department raising rent (7)
2 Quoted once in vain (9)
3 Huge learner driver changing gear (5)
4 Old Penny, terribly relieved, is set free (9)
5 There's nothing up with a man being wrinkled (5)
6 Hired cleaner to deter development (9)
7 Ingenious races in any form (5)
8 Punish many a misguided rector (7)
14 New master can reveal religious mystery (9)
16 Devoted cad edited broadcast (9)
17 Able to soak up liquids is best on bar, perhaps (9)
18 You heard me about to boast, giving offence (7)
20 Tended to get upset about Job Centre being designated (7)
22 Licentious but not tight (5)
23 Guide prophet round the West End (5)
24 Heated the Spanish overnight accommodation (5)

Solution to Puzzle No.6,837

JOTTER PAD

هكذا على الأصل

WORLD STOCK MARKETS

AUSTRIA — January 18 — Sch. — + or − [illegible]

BELGIUM/LUXEMBOURG — January 18 — Frs. — + or − [illegible]

DENMARK — January 18 — Kr — + or − [illegible]

FINLAND — January 18 — Mkk — + or − [illegible]

FRANCE — January 18 — Frs. — + or − [illegible]

FRANCE (continued) [illegible]

GERMANY — January 18 — Dm. — + or − [illegible]

GERMANY (continued) [illegible]

ITALY — January 18 — Lire — + or − [illegible]

ITALY (continued) [illegible]

NETHERLANDS — January 18 — Fls. — + or − [illegible]

NORWAY — January 18 — Kroner — + or − [illegible]

SPAIN — January 18 — Pts. % — + or − [illegible]

SWEDEN — January 18 — Kroner — + or − [illegible]

SWITZERLAND — January 18 — Frs. — + or − [illegible]

SOUTH AFRICA — January 18 — Rand — + or − [illegible]

JAPAN — January 18 — Yen — + or − [illegible]

AUSTRALIA — January 18 — Aust.$ — + or − [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG — January 18 — H.K.$ — + or − [illegible]

SINGAPORE — January 18 — S$ — + or − [illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices January 18

Quotations in cents unless marked $. [illegible]

Sales — Stock — High — Low — Close — Chng [illegible]

200 Co Steel f — $17⅛ — 17⅛ — 17⅛

148585 Cominco — $26½ — 25⅞ — 26½ + ⅛

3300 Innopac — $11⅛ — 11 — 11⅛ − ⅛

17788 Inter City — $21⅝ — 21⅛ — 21½

1200 Rayrock f — $6 — 6 — 6 − ⅛

23100 Redpath — $14⅞ — 14⅞ — 14⅞ + ⅛

f—No voting rights or restricted voting rights.

INDICES

NEW YORK — DOW JONES

	Jan 17	Jan 16	Jan 13	Jan 12	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
♦Industrials	2214.64	2224.64	2226.07	2222.32	2226.07 (13/1/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.05	88.97	88.71	88.53	91.25 (3/3/88)	86.12 (4/1/88)	—	—
Transport	1004.38	996.60	996.76	996.11	1004.38 (17/1/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	188.95	188.66	188.54	188.95	190.02 (29/1/88)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2227.50 (2236.29) Low 2203.75 (2215.36)

STANDARD AND POOR'S	Jan 17	Jan 16	Jan 13	Jan 12	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite‡	283.55	284.14	283.87	283.17	284.14 (16/1/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	327.98	329.90	328.81	327.99	329.90 (16/1/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	25.43	25.50	25.41	25.33	26.42 (20/10/88)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	159.48	159.78	159.58	159.26	159.78 (16/1/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	316.57	316.81	315.93	315.00	316.81 (16/1/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	386.05	387.36	387.09	387.01	394.77 (18/7/88)	331.97 (12/1/88)	455.28 (26/8/87)	54.87 (31/10/72)

	Jan 13	Jan 6	Dec 30	year ago (approx.)
Dow Industrial Div. Yield	3.60	3.66	3.70	3.54

	Jan 11	Jan 5	Dec 28	year ago (approx.)
S & P Industrial div. yield	3.15	3.17	3.20	3.17
S & P Indl. P/E ratio	13.09	12.97	12.86	15.69

TRADING ACTIVITY — † Volume — Millions

	Jan 17	Jan 16	Jan 13
New York	144.985	117.380	132.320
Amex	8.820	8.381	11.400
OTC	137.760	105.115	122.863

NEW YORK	Jan 17	Jan 16	Jan 13
Issues Traded	1,941	1,939	1,969
Rises	615	698	843
Falls	807	673	594
Unchanged	519	568	532
New Highs	58	57	63
New Lows	12	7	9

CANADA

TORONTO	Jan 17	Jan 16	Jan 13	Jan 12	1988/89 High	1988/89 Low
Metals & Minerals	3400.9	3413.9	3412.3	3401.9	3413.9 (16/1/89)	2238.7 (8/2/88)
Composite	3504.8	3504.6	3492.4	3486.3	3504.8 (17/1/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1759.54	1765.54	1758.59	1756.07	1765.54 (16/1/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texas Eastern	4,936,400	46⅞	+ 1⅞	Citicorp	1,737,400	26⅜	− 1⅛
RJR Nabisco	4,236,300	95¼	+ ½	Marriott	1,454,200	33⅝	+ ¼
NWA Inc	1,987,500	59	+ 2⅞	Quaker St.	1,450,600	18⅝	+ 1
Am T & T	1,975,900	29⅛	+ ⅛	Archer Daniels	1,420,100	21⅝	+ ⅜
Burlington	1,784,500	36	+ ½	Burlington Northern	1,265,500	22⅞	− ⅜

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 18	Jan. 17	Jan. 16	Jan. 13	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1502.4	1501.9	1512.0	1517.9	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	679.1	681.6	685.1	686.2	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	224.48	223.80	223.60	223.56	225.48 (4/11/88)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/80)	5681.4	5708.80	5720.60	5709.80	5720.60(16/1/89)	3608.35(4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	288.67	285.95	282.03	280.37	288.67 (18/1/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	736.6	735.1	732.8	729.2	772.1 (8/8/88)	530.6(15/1/88)
FRANCE						
CAC General (31/12/82)	438.2	440.2	439.7	441.3	441.3(13/1/89)	251.3 (29/1/88)
Ind. Tendance(30/12/88)	103.3	104.2	(u)	104.7	104.7(13/1/89)	100.0 (1/1/89)
GERMANY						
FAZ Aktien (31/12/58)	551.07	554.64	560.60	565.12	567.51(5/1/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1651.1	1662.3	1679.6	1694.7	1705.6(5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1323.68	1316.66	1344.11	1363.25	1371.10(5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	2913.05	2896.65	2856.67	2843.98	2913.05 (18/1/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	613.42	615.89	611.56	600.41	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN**						
Nikkei (16/5/49)	31354.55	31227.52	(c)	31298.3	31354.55(18/1/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2451.90	2448.93	(c)	2457.58	2457.58(13/1/89)	1690.44 (4/1/88)
NETHERLANDS						
ANP-CBS General (1970)	297.9	298.0	300.2	297.2	300.2 (16/1/89)	205.7 (4/1/88)
ANP-CBS Industrial (1970)	261.4	262.4	264.3	260.7	264.3 (16/1/89)	157.9 (11/1/88)
NORWAY						
Oslo SE (4/1/83)	516.31	514.18	507.24	509.52	516.31 (18/1/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1094.41	1104.82	1107.91	1099.19	1177.87 (8/8/88)	833.60(4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1308.0♦	1311.0	1310.0	1329.0	1451.0 (7/7/88)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	2067.0♦	2065.0	2070.0	2079.0	2079.0 (12/1/89)	1387.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	283.57	283.93	283.27	280.33	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3479.4	3482.6	3494.3	3496.9	3496.9 (13/1/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	626.1	625.7	634.2	632.5	634.2 (16/1/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	502.3	503.0	506.6	506.6 (16/1/89)	401.0 (21/1/88)

**Saturday Jan. 14: Japan Nikkei (c) TSE (c) ♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday 18 January 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsubishi Heavy Ind	78.9m	1,180	+20	Marubeni	22.7m	890	−24
Hazama-Gumi	32.7m	1,020	+80	Japan Line	21.5m	221	+72
NKK	31.7m	960	−6	Nishimatsu	18.7m	929	+36
Mitsubishi Metal	30.6m	944	+4	Kumagai	17.8m	1,280	+60
Taisei	24.7m	1,330	+70	Shimizu	16.9m	1,560	+40

3pm prices January 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
27 7/8	16 7/8	AAR	.44	1.7	18	241	26 1/8	25 3/4	26 1/8	+ 1/4
10 1/8	8 7/8	ACM n	1.01	11.		142	9 1/8	9	9	– 1/8
12 1/8	10 1/4	ACMIn	1.26a	12.		446	10 3/4	10 5/8	10 3/4	
10 1/8	8 1/2	ACM M	n.17e	1.9		214	9 1/8	9	9	– 1/8
12 1/8	10 1/8	ACM Sc	1.26	12.		754	10 3/4	10 5/8	10 5/8	– 1/8
10 1/8	8 1/2	ACMSp	n1.01a	11.		468	9 1/8	8 7/8	9	
5 1/8	2 5/8	AMCA	.12e	3.7		4	3 3/8	3 1/4	3 1/4	
6 1/4	3 1/4	AM Intl				6036	5 1/4	4 3/4	5	+ 1/4
23 1/4	18 3/4	AM Int pf	2	9.2		11	21 3/4	21 5/8	21 3/4	+ 1/4
55 3/4	32 7/8	AMR			9	8042	u55 7/8	54 1/8	55 1/8	+ 5/8
27	25	ANR pf	2.67	10.		200	26 1/4	26 1/4	26 1/4	
24 1/2	20 7/8	ANR pf	2.12	8.7		2	24 3/8	24 1/8	24 3/8	+ 1/8
9 1/2	5 1/4	ARX			10	95	5 7/8	5 3/4	5 3/4	
40 1/4	35 1/4	ASA	3a	7.8		323	38 1/2	38 1/4	38 1/2	
20 1/4	12 3/4	AVX	.24	1.3	13	69	18 1/8	18	18 1/8	– 1/8
52 1/2	42 7/8	AbtLab	1.20	2.6	14	3800	47 1/4	46 1/2	46 7/8	– 1/4
20 1/4	15 3/4	Abitibi g	1			64	16 1/4	16 1/8	16 1/4	– 1/8
13 7/8	7 1/2	AcmeC	.40	4.2		70	9 1/2	9 1/2	9 1/2	– 1/4
8 7/8	5 7/8	AcmeE	.32b	5.1	27	217	6 3/8	6 1/4	6 1/4	– 1/8
29 1/2	16 1/4	Acuson			22	1388	23 7/8	23 1/4	23 3/4	+ 1/8
17	14 1/2	AdaEx	1.63e	12.		232	14 1/2	14 3/8	14 3/8	
16 7/8	7 1/4	AMD			77	3832	8 5/8	8 3/8	8 1/2	
43 1/2	29 1/4	AMD pf	3	9.4		64	32 1/4	31 3/4	31 3/4	– 1/2
8 1/2	5 1/2	Adobe				163	7	6 3/4	7	+ 1/4
9 1/4	6 7/8	Advest	.12	1.6	23	126	7 1/2	7 1/2	7 1/2	
52 1/2	39 1/2	AetnLf	2.76	5.7	8	1769	48 3/4	48 1/4	48 1/4	+ 1/4
37 7/8	24	AhPb s	.22	.6		342	u38 1/4	36 3/4	38	+ 7/8
18 1/8	13 1/4	Ahmans	.88	5.2	10	2059	17	16 3/4	16 7/8	– 1/8
4 5/8	1 7/8	Aileen			21	30	3 1/2	3 1/2	3 1/2	
53 7/8	36 1/2	AirPrd	1.20	2.7	12	961	45 1/4	44 1/2	45 1/4	– 1/8
23 1/8	12 3/4	AirbFrt	.60	2.7	22	218	22 3/8	22 1/4	22 3/8	– 1/8
17 3/4	10	Airgas			19	570	u17 3/4	17 1/4	17 3/4	+ 1/2

Continued on Page 39

NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 18

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 3pm prices January 18

[illegible]

FINANCIAL TIMES
Thursday January 19 1989

AMERICA

Dollar surge helps Dow recover from shaky start

Wall Street

AFTER a shaky start because of worse-than-expected November US trade figures and an initially negative reaction to the latest results from International Business Machines, equities recovered as the dollar surged on foreign exchanges, *writes Janet Bush in New York.*

At 2pm, the Dow Jones Industrial Average stood 15.54 higher at 2,230.18 on active volume of 112m shares. The index started out with a modest decline on news of a widening in the trade deficit to $12.51bn in November from a revised shortfall of $10.26bn in October.

The index was also depressed by a sharp fall in early trading in IBM's shares which stood $⅞ lower at one stage. IBM announced net earnings of $3.97 a share in its fourth quarter compared with $3.47 a year earlier. These did not impress, although analysts later seemed to revise their negative opinion of the results and IBM's stock stood $⅝ higher at midsession at $124⅛.

The leading positive influence was an extremely strong performance by the dollar which rose in spite of the trade deficit in November, which was around $1bn worse than most analysts had expected, and at least two waves of concerted intervention by several central banks including the Bundesbank and the US Federal Reserve.

At midsession in New York, the dollar was quoted at a day's high of Y128.75 and just below its highs against the West German D-Mark.

The impact of other key US economic figures released yesterday appeared to get lost as focus was trained on the dollar. US industrial production rose 0.3 per cent in December, in line with expectations, and capacity utilisation rose 0.1 per cent last month to 84.2 per cent.

The dollar's rise yesterday provided clear evidence of how bullish sentiment has become in its favour. This positive view appears to hinge on an expectation that the dollar will be supported in the foreseeable future by high US interest rates.

Foreign exchange dealers argued yesterday that the trade figures provided yet more evidence of the strength of US domestic demand and reinforced the view that the Fed will have to tighten monetary policy further in order to squeeze the ability of consumers to buy imported goods.

There is a growing view on Wall Street that the accent of the Administration's policy towards cutting the trade deficit will be on dampening the ability of the consumer to spend rather than on any further devaluation of the dollar.

Among other technology companies announcing results yesterday was Wang Laboratories which fell $¼ to $8¾ after the company posted net earnings in the second quarter of only 1 cent a share compared with 21 cents a share a year ago.

Tandy added $⅛ to $38½. It earned a net $1.50 a share in its second quarter compared with $1.46 a year earlier. Tandem Computers surged $1⅜ to $18⅜ after it announced net first quarter income of 32 cents a share from 24 cents a year ago.

Pilgrim's Pride was one of the session's largest movers, gaining $1⅜ to $7½ in heavy trading apparently on speculation that the company may be a takeover candidate. The company declined comment on the rise in its shares.

CB & T Bancshares fell $⅝ to $12 on the over-the-counter market, partly because of forecasts that profits at Total Systems Services, in which it has an 82 per cent stake, will weaken.

Canada

INDUSTRIAL stocks helped prop up a market facing pressure from lower gold and energy issues, and at midday the Toronto stock exchange composite index was 3.20 higher at 3,507.60.

Among industrials, Alcan gained C$⅛ to C$41, Laidlaw was up C$⅛ at C$18⅛ and Power Corp added C$⅛ to C$13⅞. Molson was suspended amid rumours it plans to bid for fellow brewer Carling O'Keefe.

Benelux steels polish rusty image

William Dawkins examines the dazzling comeback of three groups

STRONG contenders for the prize for Europe's most sparkling investment comeback of recent months must be the three main quoted steel producers of the Benelux countries.

Luxembourg-based Arbed, Cockerill Sambre of Belgium and Hoogovens of the Netherlands have been busy polishing up the rusty image of their shares in recent months.

Their share prices have all sharply outperformed their markets since early last year. They are still valued at price earnings ratios below their market averages – with the exception of Cockerill – but then it is unusual for them to have any earnings at all. It sounds too good to be true, so it is no surprise that analysts warn that these are unpredictable and erratic stocks; for the cognoscenti only.

In common with many other integrated European steel producers these companies are turning in their first profits for years, thanks to a surprise upturn in demand from their main customers in the engineering, automotive and construction industries. In that sense, they are bellwethers for general industrial activity in the Benelux region. And like their European competitors, they are benefiting from the fact that traditionally cheap and aggressive Brazilian and South Korean steelmaking competitors are working at full stretch to supply their increasingly active domestic markets.

The greatest interest has centred on Arbed, a specialist in long products such as beams and wire for the construction and tyre industries, and a 25 per cent owned satellite of Société Générale de Belgique.

The share price has rocketed from just over BFr1,000 ($25.56) at the turn of 1988 to BFr4,280 today. One Belgian stockbroker estimates that the price earnings ratio on probable 1988 earnings is a mere three, well below the valuation accorded to more publicised companies such as British Steel and Hoogovens.

Part of the reason for Arbed's return to favour is its impressive profits recovery to LFr635m ($16.23m) net in the first half of 1988, from the thumping LFr2.2bn loss for the whole of the previous year. Analysts estimate net profits for the 12 months to December will be LFr10bn, based on the company's own indications of a LFr20bn cash flow for the year.

Some of this enormous improvement will come from changes in the way the company presents its accounts to include a share of subsidiaries' earnings, including 30 per cent owned Sidmar, the Belgian sheet steel producer; fully owned Trefilarbed, Europe's second largest wire producer; and Belgo-Mineira, the Brazilian wire group.

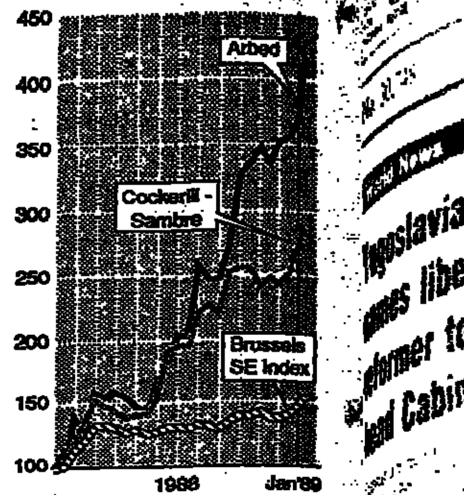
The accounts are expected to show a consolidated asset value of BFr13,500 per share, as against the BFr4,850 in 1987 on the old non-consolidated basis. This is the first time Arbed has given a valuation of itself and all its world interests – and the news is good. Arbed also plans to start paying dividends for the first time since 1974. "If you have an exposure to European steel, you must have Arbed," says Mr Patrick Vermeulen of Brussels stockbrokers Dewaay.

Cockerill's return from the grave has been just as startling, with a share price up from BFr125 a year ago to BFr344 yesterday. However, the p/e at this level is a steep 19.7, assuming the company meets its forecast of net profits of at least BFr5bn for 1988. This will be the first time Cockerill has been in the black for 14 years, and a strong turnround from a 1987 net loss of BFr1.8bn. As an investment, its main problem is the very tight market for the shares. Only 1.8 per cent of the equity of this 89 per cent state-owned company is on the market, a legacy of the number of times the Belgian Government has had to refinance Cockerill. So the price can move erratically.

A more fundamental risk is the group's specialisation in flat steel products, where European overcapacity is heaviest.

Hoogovens has only a slightly more solid base under a share price which has nearly tripled over the past year to Fl 73.40. At that price, the historic p/e is 5.7, still well below the market average of nearly 10, estimates the Amsterdam office of Banque Paribas Nederland. Hoogovens has produced a remarkable turnround, from a Fl 76m ($64m) loss in 1987 to an expected net profit of Fl 250m last year.

About half Hoogovens' turnover is now in aluminium, which analysts see as a long-term growth industry, while its company's core steel business is still in a long-term decline. In spite of a staff cuts programme, Hoogovens' labour costs per tonne are still among the highest in Europe.



EUROPE

US trade statistics keep investors on edge

THE WAIT for the US trade figures kept investors nervous in Europe yesterday, and their arrival failed to provide bourses with clear direction, *writes Our Markets Staff.*

FRANKFURT had a confusing time attempting to decide what the dollar would do and whether interest rates were about to rise. "Prices went every which way but loose as people tried to get their bearings right," said one salesman.

Concern about signals that the Bundesbank would raise the 3.5 per cent discount rate at its council meeting today depressed shares at the start, but then there was a rally in blue chips and raw material stocks and the market closed marginally better. Some people took comfort from news that the central bank would not hold a press conference after the meeting, although this does not preclude a rate rise.

With expectations of a discount rate rise now widespread, some market operators felt it would be preferable for the Bundesbank to end the agony quickly rather than prolong it until its next fortnightly meeting.

Reflecting the day's ups and downs, the FAZ shed 3.57 to 551.07 at midsession but the DAX closed 7.02 higher at 1,323.68. Volume was a modest DM3.45bn.

German share prices remained "wishy washy" after hours when the US trade deficit came in at a higher than expected $12.51bn for November and the dollar rose again after an initial setback.

Good performers included engineer Preussag, up DM9 at DM211, KHD, which rose DM11.80 to DM142, and Metallgesellschaft, up DM16 at DM387.50. Raw material producers are seen as benefiting from a rise in inflation.

Construction stock Holzmann, subject of speculative buying based on its potentially lucrative Frankfurt property, added DM14 to DM615.

Daimler, which has been depressed by negative speculation about its earnings for 1988, lost DM2 to DM706 after recovering from below DM700.

PARIS moved up and down over the session, ending around the day's lows in uninspiring volumes.

The CAC General index opened off 2 at 438.2, while the OMF 50 index was 2.31 lower at 453.26. Turnover was estimated at under FFr2bn.

LVMH fluctuated in a wide range over the session, closing off FFr2 at FFr3,800 after moving between FFr3,715 and FFr3,875. The market heard that the securities regulatory commission would not ask LVMH chairman Mr Bernard Arnault to launch a full bid for the company, but would launch an inquiry into possible insider trading on January 5. The stock was suspended three times that day because of its sharp upward movements and after the close the luxury goods group forecast a 50 per cent rise in 1988 profits.

Sanofi, reporting improved annual sales, saw 54,000 shares traded, rising FFr6 to FFr806. Club Med, also active with 122,000 shares dealt, fell FFr6 to FFr544, having been as low as FFr516, after saying its US subsidiary saw profits drop by 49 per cent last year.

MILAN came off on profit-taking after its 2.6 per cent gain earlier in the week, with foreign investors showing some nervousness about the US trade figures. The Comit index ended 2.47 easier at 613.42 but the undertone was said to be firm, with differing estimates of volume after Tuesday's L800bn.

Retailer Standa rose L750 to a L21,610 fixing and to L21,800 after hours on its forecast that sales would double to L6000bn in 1991.

AMSTERDAM closed slightly lower after a day cautiously awaiting and then reacting only briefly to the US trade data. Worries about the dollar's strength and its impact on European interest rates proved an excuse for a breather after this month's rapid gains. The CBS index lost 0.1 to 160.4.

Royal Dutch rose 20 cents to Fl 121.90 after its two-for-one stock split. Property trust Rodamco, bidding for Hammerson of the UK, also put on 20 cents to Fl 158.50.

ZURICH investors chose to wait for the US trade data before acting, and share prices finished little changed after the close. The Crédit Suisse index eased 0.5 to 536.5.

Hoffmann-La Roche benefited from news, announced after the close on Tuesday, that 1988 profits should be well above the previous year. The chemical group's baby certificates rose SFr100 to SFr13,675.

MADRID saw healthy volumes again, estimated around $100m, but shares eased on profit-taking after climbing for nine sessions. The general index gave up 0.36 to 283.57.

CAF, the railway equipment group was requoted at 500 per cent of nominal market value after being suspended on Tuesday at 460 on speculation, denied by Siemens, that the German company was interested in launching a takeover bid for CAF.

OMAN EXPECTS to open its stock exchange before April, offering local investors access to 71 listed joint stock companies worth 333m riyals ($955m), *Reuters reports.*

The Muscat Securities Market will initially list local companies only and be open only to Omani nationals, although Gulf Co-operation Council member states' investors might be allowed access.

The market is aimed in part at repatriating the large amount of domestic funds which are invested abroad. The sum reached an estimated $1bn by 1986.

SOUTH AFRICA

THE imminence of the US trade data led to cautious trading in Johannesburg, and gold stocks ended mixed, with little apparent reaction to news that President P W Botha had suffered a mild stroke.

ASIA PACIFIC

Nikkei climbs on possible redenomination of the yen

Tokyo

INVESTORS were excited yesterday about the possibility of a redenomination of the yen and interest in issues that could benefit from such a move helped lift the Nikkei average to another record high, *writes Michiyo Nakamoto in Tokyo.*

Trading started on a firm note with share prices climbing to a record high by the morning close. The Nikkei average finished the day up 127.03 at a record 31,354.55, having moved between 31,365.15 and 31,237.54.

Turnover improved to 1.23bn shares from the 933.1m traded on Tuesday. The Topix index of all listed shares added 2.97 to 2,451.90 and later in London, the ISE/Nikkei 50 index added 3.29 to 2,000.31.

The brief lull in trading on Tuesday – which followed a three-day holiday weekend – appeared to have given the market new life. "Buying interest is very strong," said Mr Mitsuru Maekawa, of Jardine Fleming. That share prices could rise as much as they did just before the expected announcement of US trade figures was evidence of its fundamental strength, he added.

The two other areas of concern for the market – the recent weakness of the yen and higher oil prices – also failed to dampen activity.

Speculation that the Government could redenominate the yen was triggered by comments made on Tuesday by Mr Shintaro Abe, Secretary-General of the ruling Liberal Democratic Party (LDP) that the question of redenomination was being examined by Prime Minister Noboru Takeshita. This added some excitement and gave the market a measure of focus.

Nevertheless, demand for paper and printing stocks was not as strong as might have thus been expected. Such issues were bought strongly while the former Emperor was ill, and had already risen to relatively high levels. Jujo Paper increased Y50 to Y1,210.

Pharmaceuticals largely fell yesterday, overtaken as flavour of the day by construction companies, which offer good earnings and have not featured for a while.

Five of the top 10 most active stocks were construction companies. Hazama-Gumi, second in volume terms at 32.7m shares, rose Y80 to Y1,020. Nishimatsu Construction firmed Y36 in active trade to Y929 on the strength of plans to participate in a marina project in the US. Investors are also said to be interested in medium-sized issues enjoying quick gains.

News that Nippon Oil has acquired excavation rights in the Gulf of Mexico triggered interest in oil companies, such as Arabian Oil, that already have considerable excavating experience. Nippon Oil rose Y30 to Y1,560 and Arabian Oil increased Y190 to Y6,990.

Mitsubishi Heavy Industries recovered its position as the most active issue at 79.9m shares, closing up Y20 at Y1,180.

Construction and property issues supported trading in Osaka where the OSE average was higher for the 13 consecutive session, finishing up 103.92 at 29,443.97.

Roundup

THE RECORD run persisted in Hong Kong, but there was consolidation elsewhere.

HONG KONG was fuelled by further domestic and overseas buying, especially in properties, and the Hang Seng index broke through 2,900 to close 16.40 better at a post-crash high of 2,913.05. The index has risen 225 points, or 8 per cent, this year.

Trading was active, worth HK$1.59bn after Tuesday's HK$1.28bn.

The extended gains took some brokers by surprise, since the powerful rise in the first two weeks of the year had led to expectations of a longer consolidation period.

AUSTRALIA saw some buying of blue chips after a nervous start and then came off its highs following the publication of a better-than-expected December current account deficit of A$941m. Investors remained in cautious mood about the US trade figures, due later in the day.

The All Ordinaries index ended just 0.5 higher at 1,502.4.

New Zealand stock Fletcher Challenge gained 17 cents to A$3.65. No reason was given for the 4.9 per cent rise, although some have argued the stock is undervalued. Pilkington New Zealand said it had acquired Fletcher's Winstone Glass and Winstone Architectural Cladding Systems for an undisclosed amount.

Paper merchant Edwards Dunlop gained 10 cents to A$3.05 after Amcor, the forest products group, raised its bid and beat off a challenge from Industrial Equity. Amcor added 3 cents to A$4.58.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JANUARY 17 1989					MONDAY JANUARY 16 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90)	146.16	-1.5	122.57	113.45	4.73	148.32	124.94	114.33	152.31	91.16	100.77
Austria (18)	93.09	+0.3	78.06	89.42	2.75	92.84	78.21	89.45	100.00	83.72	90.60
Belgium (63)	133.22	+0.4	111.72	127.80	3.93	132.65	111.74	127.91	139.89	99.14	103.10
Canada (126)	130.24	+0.0	109.22	112.94	3.23	130.23	109.70	113.02	130.24	107.06	111.85
Denmark (39)	156.66	+0.8	131.37	152.55	1.99	155.35	130.86	151.86	161.60	111.42	113.36
Finland (26)	126.63	+0.7	106.19	113.56	1.54	125.81	105.98	113.16	139.83	106.78	110.58
France (131)	115.27	-0.2	96.66	114.09	2.84	115.48	97.28	114.67	117.51	72.77	79.10
West Germany (102)	84.48	-1.4	70.85	81.28	2.32	85.66	72.16	82.74	90.40	67.78	70.73
Hong Kong (46)	119.87	+1.2	100.52	120.11	4.11	118.39	99.73	118.62	119.87	84.90	94.72
Ireland (18)	128.98	+1.4	108.16	125.95	4.00	127.19	107.14	124.54	144.25	104.60	111.86
Italy (98)	85.40	+1.0	71.61	86.55	2.33	84.54	71.21	85.87	86.88	62.99	74.32
Japan (456)	194.94	-0.1	163.47	157.36	0.48	195.04	164.30	158.06	197.43	133.61	140.89
Malaysia (36)	150.77	-0.1	126.43	158.49	2.69	150.98	127.18	158.80	154.17	107.83	118.68
Mexico (13)	163.86	+1.5	137.41	409.73	1.25	161.45	136.00	403.88	182.24	90.07	101.53
Netherland (38)	112.00	-0.3	93.92	106.79	4.62	112.30	94.60	107.43	113.49	95.23	95.22
New Zealand (25)	69.76	+0.1	58.50	59.28	6.60	69.70	58.71	58.89	84.05	63.32	77.36
Norway (26)	154.20	+2.3	129.31	140.54	1.94	150.69	126.94	137.81	154.20	98.55	107.08
Singapore (26)	134.66	-0.1	112.92	120.64	2.21	134.74	113.50	120.92	135.89	97.99	105.29
South Africa (60)	119.24	-0.2	99.99	102.22	4.52	119.45	100.62	102.40	139.07	98.26	126.40
Spain (42)	149.00	+0.8	124.94	130.77	3.13	147.79	124.49	129.99	164.47	130.73	135.59
Sweden (35)	145.01	+0.3	121.60	135.24	2.11	144.53	121.75	135.27	146.97	96.92	98.79
Switzerland (57)	76.93	-0.8	64.51	75.17	2.26	77.52	65.30	76.15	86.75	74.13	78.32
United Kingdom (314)	137.69	+0.2	115.47	115.47	4.69	137.35	115.70	115.70	141.51	120.66	129.74
USA (571)	115.44	-0.2	96.81	115.44	3.62	115.67	97.44	115.67	115.67	99.19	101.84
Europe (1007)	114.69	+0.0	96.17	103.86	3.63	114.70	96.62	104.28	116.61	97.01	100.52
Nordic (126)	140.64	+0.7	117.94	128.19	1.99	139.62	117.62	127.72			
Pacific Basin (679)	189.85	-0.1	159.20	153.90	0.69	189.99	160.04	154.55	192.26	130.81	137.52
Euro-Pacific (1686)	159.74	-0.1	133.96	134.09	1.55	159.83	134.64	134.65	161.61	120.36	122.75
North America (697)	116.24	-0.2	97.47	115.32	3.59	116.45	98.10	115.54	116.45	99.78	102.37
Europe Ex. UK (693)	100.20	-0.2	84.03	96.88	2.81	100.42	84.59	97.43	102.91	80.27	82.42
Pacific Ex. Japan (223)	128.99	-0.4	108.17	110.28	4.43	129.56	109.14	110.32	130.38	87.51	96.89
World Ex. US (1885)	158.32	-0.1	132.76	133.20	1.62	158.41	133.44	133.74	160.10	120.26	122.41
World Ex. UK (2142)	142.27	-0.1	119.30	128.44	1.98	142.46	120.00	128.90	143.47	111.77	112.94
World Ex. So. Af. (2396)	141.99	-0.1	119.06	127.37	2.20	142.12	119.72	127.81	143.13	113.26	114.35
World Ex. Japan (2000)	116.28	-0.1	97.51	111.22	3.65	116.43	98.08	111.51	116.76	100.00	101.76
The World Index (2456)	141.85	-0.1	118.95	127.20	2.22	141.98	119.60	127.64	142.98	113.37	114.43

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US $ Index), 114.42 (Pound Sterling) and 123.18 (Local).

Latest prices were unavailable for this edition.